

109TH CONGRESS
1ST SESSION

H. R. 751

To reauthorize and improve the Temporary Assistance for Needy Families (TANF) Program by promoting work, family, and opportunity, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2005

Mr. McDERMOTT (for himself, Mr. CARDIN, Mr. STARK, Mr. BECERRA, and Mr. EMANUEL) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To reauthorize and improve the Temporary Assistance for Needy Families (TANF) Program by promoting work, family, and opportunity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Work, Family, and
5 Opportunity Promotion Act”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents of this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.

TITLE I—REAL WORK REQUIREMENTS

- Sec. 101. Universal engagement.
- Sec. 102. Elimination of caseload reduction rate.
- Sec. 103. State option to select job entry rate requirement in lieu of work participation rate requirement.
- Sec. 104. Work rates.
- Sec. 105. Employment credit.
- Sec. 106. Effect of wage subsidies on 5-year limit.
- Sec. 107. Workplace laws.
- Sec. 108. Nondisplacement.

TITLE II—RESOURCES TO SUPPORT WORK

- Sec. 201. Funding for child care.
- Sec. 202. Family assistance grants.
- Sec. 203. Social services block grant.
- Sec. 204. 5-Year extension and simplification of the transitional medical assistance program (TMA).
- Sec. 205. Extension of supplemental grants.
- Sec. 206. Additional grants for States with low Federal funding per poor child.
- Sec. 207. Bonus to reward high performance States.
- Sec. 208. Contingency fund.
- Sec. 209. Eligibility of Puerto Rico, the United States Virgin Islands, and Guam for the supplemental grant for population increases, the contingency fund, and mandatory child care funding.

TITLE III—ACCESS TO EDUCATION, TRAINING, AND REHABILITATIVE SERVICES

- Sec. 301. Education and training.
- Sec. 302. Rehabilitative services.

TITLE IV—REDUCING POVERTY

- Sec. 401. Poverty reduction.
- Sec. 402. Employment enhancement.

TITLE V—SUPPORTING FAMILIES AND RESPONSIBLE PARENTING

- Sec. 501. Family formation fund.
- Sec. 502. Two-parent eligibility.
- Sec. 503. Child support.

TITLE VI—FAIRNESS FOR LEGAL IMMIGRANTS

- Sec. 601. Treatment of aliens under the TANF program.
- Sec. 602. Optional coverage of legal immigrants under the medicaid program and SCHIP.
- Sec. 603. Eligibility of disabled children who are qualified aliens for SSI.
- Sec. 604. SSI extension for humanitarian immigrants.

TITLE VII—MISCELLANEOUS PROVISIONS

- Sec. 701. Clarification of authority of States to use TANF funds carried over from prior years to provide TANF benefits and services.
- Sec. 702. Definition of assistance.
- Sec. 703. Continuation of pre-welfare reform waivers.
- Sec. 704. Maintenance of effort.
- Sec. 705. Funding for tribal TANF programs.
- Sec. 706. Funding for families assisted by a territory program.
- Sec. 707. Repeal of Federal loan fund for State welfare programs.
- Sec. 708. Ban on using Federal TANF funds to replace State and local spending that does not meet the definition of qualified State expenditures.
- Sec. 709. Extension of funding of studies and demonstrations.
- Sec. 710. Longitudinal studies of employment and earnings of TANF leavers.
- Sec. 711. Study by the Census Bureau.

TITLE VIII—EXTENSION OF TANF PROGRAM THROUGH FISCAL YEAR 2005

- Sec. 801. Extension of TANF program and related authorities through fiscal year 2005.

TITLE IX—EFFECTIVE DATE

- Sec. 901. Effective date.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, wherever in
 3 this Act an amendment or repeal is expressed in terms
 4 of an amendment to, or repeal of, a section or other provi-
 5 sion, the amendment or repeal shall be considered to be
 6 made to a section or other provision of the Social Security
 7 Act.

8 **TITLE I—REAL WORK** 9 **REQUIREMENTS**

10 **SEC. 101. UNIVERSAL ENGAGEMENT.**

11 (a) MODIFICATION OF INDIVIDUAL RESPONSIBILITY
 12 PLANS.—Section 408(b) (42 U.S.C. 608(b)) is amended
 13 to read as follows:

14 “(b) INDIVIDUAL RESPONSIBILITY PLANS.—

1 “(1) ASSESSMENT.—The State agency respon-
2 sible for administering the State program funded
3 under this part shall make an initial screening and
4 assessment of the following for each family with an
5 adult or minor child head of household receiving as-
6 sistance under the program:

7 “(A) The education obtained, skills, prior
8 work experience, work readiness, and barriers
9 to work of each adult or minor child head of
10 household recipient of assistance in the family
11 who has attained age 18 or who has not com-
12 pleted high school or obtained a certificate of
13 high school equivalency, and is not attending
14 secondary school.

15 “(B) The work support, work readiness,
16 and family support services for which the family
17 is eligible.

18 “(C) The well-being of the children in the
19 family and, where appropriate, activities or re-
20 sources to improve the well-being of the chil-
21 dren.

22 “(2) CONTENTS OF PLANS.—

23 “(A) IN GENERAL.—On the basis of the
24 screening and assessment required under para-
25 graph (1) for a family with an adult or minor

1 child head of household recipient of the assist-
2 ance, the State agency, in consultation with the
3 family, shall develop an individual responsibility
4 plan that—

5 “(i) establishes for each such recipient
6 a self-sufficiency plan that specifies activi-
7 ties described in the State plan submitted
8 pursuant to section 402, including work
9 activities specified in section 407(d), as ap-
10 propriate, that are designed to assist the
11 family in achieving the maximum degree of
12 self-sufficiency for the family, and that
13 provides for the ongoing participation of
14 the recipient in the activities;

15 “(ii) sets forth the obligations of each
16 such recipient which may include reg-
17 istering for work and commencing a search
18 for employment for a specified number of
19 hours each week;

20 “(iii) requires, at a minimum, each
21 such recipient to participate in activities in
22 accordance with the individual responsi-
23 bility plan;

1 “(iv) sets forth the appropriate sup-
2 portive services the State intends to pro-
3 vide for the family;

4 “(v) establishes for the family a plan
5 that addresses the issue of child well-being
6 and, when appropriate, adolescent well-
7 being, and that may include services such
8 as domestic violence counseling, mental
9 health referrals, and parenting courses;
10 and

11 “(vi) includes a section designed to
12 assist the family by informing the family of
13 the work support assistance for which the
14 family may be eligible, including—

15 “(I) the food stamp program es-
16 tablished under the Food Stamp Act
17 of 1977 (7 U.S.C. 2011 et seq.);

18 “(II) the medicaid program fund-
19 ed under title XIX;

20 “(III) the State children’s health
21 insurance program funded under title
22 XXI;

23 “(IV) child care funded under
24 the Child Care Development Block

1 Grant Act of 1990 (42 U.S.C. 9858 et
2 seq.);

3 “(V) the earned income tax cred-
4 it under section 32 of the Internal
5 Revenue Code of 1986;

6 “(VI) the low-income home en-
7 ergy assistance program established
8 under the Low-Income Home Energy
9 Assistance Act of 1981 (42 U.S.C.
10 8621 et seq.);

11 “(VII) the special supplemental
12 nutrition program for women, infants,
13 and children established under section
14 17 of the Child Nutrition Act of 1966
15 (42 U.S.C. 1786);

16 “(VIII) programs conducted
17 under the Workforce Investment Act
18 of 1998 (29 U.S.C. 2801 et seq.); and

19 “(IX) low-income housing assist-
20 ance programs.

21 “(3) REVIEW.—

22 “(A) REGULAR REVIEW.—The State agen-
23 cy shall—

24 “(i) monitor the participation of each
25 adult recipient of the assistance in the ac-

1 activities specified in the individual responsi-
2 bility plan, and regularly review the
3 progress of each such family toward self-
4 sufficiency; and

5 “(ii) upon such a review, revise the
6 plan and activities required under the plan
7 as the State deems appropriate in con-
8 sultation with the family.

9 “(B) BEFORE IMPOSITION OF A SANC-
10 TION.—The State agency shall—

11 “(i) review the individual responsi-
12 bility plan before imposing a sanction
13 against such an adult recipient or such a
14 family for failure to comply with a require-
15 ment of the plan or the State program
16 funded under this part; and

17 “(ii) make a good faith effort to con-
18 sult with the family as part of such review.

19 “(4) TIMING.—The State shall comply with this
20 subsection—

21 “(A) in the case of a family that, as of Oc-
22 tober 1, 2005, is not receiving assistance from
23 the State program funded under this part, not
24 later than 60 days after the family first receives

1 assistance on the basis of the most recent appli-
2 cation for the assistance; and

3 “(B) in the case of a family that, as of
4 such date, is receiving the assistance, not later
5 than September 30, 2006.

6 “(5) RULE OF INTERPRETATION.—Nothing in
7 this subsection shall preclude a State from requiring
8 participation in work and any other activities the
9 State deems appropriate for helping families achieve
10 self-sufficiency and improving child well-being.”.

11 (b) IMPLEMENTATION.—

12 (1) DEVELOPMENT OF MODEL SCREENING AND
13 ASSESSMENT TOOLS.—

14 (A) IN GENERAL.—The Secretary of
15 Health and Human Services shall develop or
16 identify model screening and assessment tools
17 to assist States (at their option) in identifying
18 an individual’s barriers to employment or com-
19 pliance with the State program funded under
20 part A of title IV of the Social Security Act.

21 (B) CONSULTATION.—The Secretary of
22 Health and Human Services shall develop or
23 identify the model tools required under para-
24 graph (1) in consultation with individuals and
25 groups with expertise in circumstances such as

1 physical or mental impairments (including
2 learning disabilities), substance abuse, limited
3 English proficiency, domestic violence, or the
4 need to care for a family member with a dis-
5 ability.

6 (C) DISSEMINATION.—The Secretary of
7 Health and Human Services shall disseminate
8 the tools developed or identified under this
9 paragraph to States (as defined in section
10 1101(a)(1) of the Social Security Act (42
11 U.S.C. 1301(a)(1)) for purposes of part A of
12 title IV of such Act) and Indian tribes with pro-
13 grams funded under such part .

14 **SEC. 102. ELIMINATION OF CASELOAD REDUCTION RATE.**

15 (a) IN GENERAL.—Section 407(b) (42 U.S.C.
16 607(b)), as amended by section 503(b) of this Act, is
17 amended by striking paragraph (2) and redesignating
18 paragraphs (3) and (4) as paragraphs (2) and (3), respec-
19 tively.

20 (b) STATE OPTION TO PHASE-IN REPLACEMENT OF
21 CASELOAD REDUCTION CREDIT WITH EMPLOYMENT
22 CREDIT AND DELAY APPLICABILITY OF OTHER PROVI-
23 SIONS.—A State may elect to have the amendments made
24 by subsection (a) of this section not apply to the State
25 program funded under part A of title IV of the Social Se-

1 security Act until October 1, 2006, and if the State makes
 2 the election, then, in determining the participation rate
 3 of the State for purposes of sections 407 and 409(a)(3)
 4 of the Social Security Act for fiscal year 2006, the State
 5 shall be credited with $\frac{1}{2}$ of the reduction in the rate that
 6 would otherwise result from applying section 407(b)(4) of
 7 the Social Security Act (as added by section 105(a)(1) of
 8 this Act) to the State for fiscal year 2006 and $\frac{1}{2}$ of the
 9 reduction in the rate that would otherwise result from ap-
 10 plying section 407(b)(2) of such Act (as so redesignated
 11 by section 503(b)(2)(D) of this Act) to the State for fiscal
 12 year 2006.

13 **SEC. 103. STATE OPTION TO SELECT JOB ENTRY RATE RE-**
 14 **QUIREMENT IN LIEU OF WORK PARTICIPA-**
 15 **TION RATE REQUIREMENT.**

16 (a) IN GENERAL.—Part A of title IV (42 U.S.C.
 17 601–619) is amended by inserting after section 407 the
 18 following:

19 **“SEC. 407A. JOB ENTRY RATE REQUIREMENT.**

20 “(a) STATE OPTION.—This section shall apply, in
 21 lieu of sections 402(a)(1)(A)(iii) and 407(a), to a State
 22 program funded under this part if the Governor of the
 23 State so notifies the Secretary in writing, or State law so
 24 provides, by such deadline as the Secretary shall prescribe
 25 in regulations.

1 “(b) REQUIREMENT.—

2 “(1) IN GENERAL.—Except as otherwise pro-
3 vided in this subsection, a State to which this sec-
4 tion applies for a fiscal year shall achieve a job entry
5 rate for the fiscal year that is at least 2 percentage
6 points greater than—

7 “(A) in the case of fiscal year 2006, the
8 job entry rate of the State for fiscal year 2003;
9 or

10 “(B) in the case of any other fiscal year,
11 the job entry rate of the State for the preceding
12 fiscal year.

13 “(2) EXCEPTION FOR HIGH PERFORMANCE.—If
14 the job entry rate of the State for a fiscal year is
15 at least 50 percent, then the State shall achieve a
16 job entry rate for the next fiscal year that is not less
17 than 1 percentage point greater than the greater
18 of—

19 “(A) in the case of fiscal year 2006, the
20 job entry rate of the State for fiscal year 2003;
21 or

22 “(B) in the case of any other fiscal year,
23 the job entry rate of the State for the preceding
24 fiscal year.

1 “(3) EXCEPTION FOR HIGH UNEMPLOYMENT.—

2 If the average rate of total unemployment in a State
3 for the most recent 3-month period for which such
4 information is available has increased by not less
5 than the lesser of 50 percent or 1.5 percentage
6 points as compared to such rate for the cor-
7 responding 3-month period in either of the 2 most
8 recent preceding fiscal years, then the State shall
9 achieve a job entry rate that is not less than the the
10 job entry rate of the State for fiscal year 2003.

11 “(c) JOB ENTRY RATE.—

12 “(1) IN GENERAL.—The term ‘job entry rate’,
13 with respect to a State, has the meaning given the
14 term for purposes of the regulations prescribed to
15 implement section 403(a)(4) and in effect on Janu-
16 ary 1, 2005, subject to paragraph (2) of this sub-
17 section. The Secretary shall devise a method for cal-
18 culating, and shall determine, the job entry rate for
19 fiscal year 2003 for each State for which the cal-
20 culation has not been made, based on the criteria
21 used in determining the job entry rate for fiscal year
22 2003 for the States for which the calculation has
23 been made.

24 “(2) GOOD JOBS BONUS.—In determining the
25 job entry rate of a State for fiscal year 2006 or

1 thereafter, the Secretary shall count an individual
 2 who enters employment at a wage that is not less
 3 than 33 percent of the average wage in the State for
 4 the fiscal year as 1.5 individuals.”.

5 (b) PENALTY FOR NONCOMPLIANCE.—Section
 6 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

7 (1) in the paragraph heading, by inserting “OR
 8 ACHIEVE MINIMUM JOB ENTRY RATE” after
 9 “RATES”;

10 (2) in subparagraph (A), by inserting “or
 11 407A(b)” after “407(a)”.

12 **SEC. 104. WORK RATES.**

13 Section 407(a)(1) (42 U.S.C. 607(a)), as amended by
 14 section 503(b)(1) of this Act, is amended to read as fol-
 15 lows:

16 “(1) IN GENERAL.—A State to which a grant
 17 is made under section 403 for a fiscal year shall
 18 achieve a minimum participation rate equal to not
 19 less than—

20 “(A) 50 percent for fiscal year 2006;

21 “(B) 55 percent for fiscal year 2007;

22 “(C) 60 percent for fiscal year 2008;

23 “(D) 65 percent for fiscal year 2009; and

24 “(E) 70 percent for fiscal year 2010 and
 25 each succeeding fiscal year.”.

1 **SEC. 105. EMPLOYMENT CREDIT.**

2 (a) IN GENERAL.—

3 (1) EMPLOYMENT CREDIT TO REWARD STATES
4 IN WHICH FAMILIES LEAVE WELFARE FOR WORK;
5 ADDITIONAL CREDIT FOR FAMILIES WITH HIGHER
6 EARNINGS.—Section 407(b) (42 U.S.C. 607(b)), as
7 amended by sections 503(b) and 102(a) of this Act,
8 is amended by adding at the end the following:

9 “(4) EMPLOYMENT CREDIT.—

10 “(A) IN GENERAL.—The participation
11 rate, determined under paragraph (1), of a
12 State for a fiscal year shall be increased by the
13 lesser of—

14 “(i) the number of percentage points
15 (if any) of the employment credit for the
16 State for the fiscal year; or

17 “(ii) the number of percentage points
18 (if any) by which the participation rate, so
19 determined, is less than 99 percent.

20 “(B) CALCULATION OF CREDIT.—

21 “(i) IN GENERAL.—The employment
22 credit for a State for a fiscal year is an
23 amount equal to—

24 “(I) twice the average quarterly
25 number of families with an adult that
26 ceased to receive assistance under the

1 State program funded under this part
2 during the preceding fiscal year (but
3 only if the adult did not receive such
4 assistance for at least 2 months after
5 the cessation) and that was employed
6 during the calendar quarter imme-
7 diately succeeding the quarter in
8 which the payments ceased; divided by
9 “(II) the average monthly num-
10 ber of families that include an adult
11 who received cash payments under the
12 State program funded under this part
13 during the preceding fiscal year.

14 “(ii) SPECIAL RULE FOR FORMER RE-
15 CIPIENTS WITH HIGHER EARNINGS.—In
16 calculating the employment credit for a
17 State for a fiscal year, a family that, in the
18 quarter in which the wage was examined,
19 earned at least 33 percent of the average
20 quarterly wage in the State (determined on
21 the basis of State unemployment data)
22 shall be considered to be 1.5 families.

23 “(C) REGULATIONS.—The Secretary may
24 prescribe such regulations as may be necessary
25 to carry out this paragraph.

1 “(D) REPORTS ON AMOUNT OF CREDIT.—

2 Not later than 6 months after the end of each
 3 calendar quarter, the Secretary shall report to
 4 the Congress and each State the amount of the
 5 employment credit for the State for the quarter.
 6 The Secretary may carry out this subparagraph
 7 using funds made available under this part for
 8 research.”.

9 (2) AUTHORITY OF SECRETARY TO USE INFOR-
 10 MATION IN NATIONAL DIRECTORY OF NEW HIRES.—
 11 Section 453(i) (42 U.S.C. 653(i)) is amended by
 12 adding at the end the following:

13 “(5) CALCULATION OF EMPLOYMENT CREDIT
 14 FOR PURPOSES OF DETERMINING STATE WORK PAR-
 15 TICIPATION RATES UNDER TANF.—The Secretary
 16 may use the information in the National Directory
 17 of New Hires for purposes of calculating State em-
 18 ployment credits pursuant to section 407(b)(4).”.

19 (b) STATES TO RECEIVE PARTIAL CREDIT TOWARD
 20 WORK PARTICIPATION RATE FOR RECIPIENTS ENGAGED
 21 IN PART-TIME WORK.—Section 407(c)(1)(A) (42 U.S.C.
 22 607(c)(1)(A)) is amended by adding at the end the fol-
 23 lowing flush sentence:

24 “For purposes of subsection (b)(1)(B)(i), a family that
 25 does not include a recipient who is participating in work

1 activities for an average of 30 hours per week during a
 2 month but includes a recipient who is participating in such
 3 activities during the month for an average of at least 50
 4 percent of the minimum average number of hours per
 5 week specified for the month in the table set forth in this
 6 subparagraph shall be counted as a percentage of a family
 7 that includes an adult or minor child head of household
 8 who is engaged in work for the month, which percentage
 9 shall be the number of hours for which the recipient par-
 10 ticipated in such activities during the month divided by
 11 the number of hours of such participation required of the
 12 recipient under this section for the month.”.

13 **SEC. 106. EFFECT OF WAGE SUBSIDIES ON 5-YEAR LIMIT.**

14 Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended
 15 by adding at the end the following:

16 “(H) LIMITATION ON MEANING OF ‘AS-
 17 SISTANCE’ FOR FAMILIES WITH INCOME FROM
 18 EMPLOYMENT.—For purposes of this para-
 19 graph, at the option of the State, a benefit or
 20 service provided to a family during a month
 21 under the State program funded under this
 22 part shall not be considered assistance under
 23 the program if—

24 “(i) during the month, the family in-
 25 cludes an adult or a minor child head of

1 household who has received at least such
2 amount of income from employment as the
3 State may establish; and

4 “(ii) the average weekly earned in-
5 come of the family for the month is at
6 least \$100.”.

7 **SEC. 107. WORKPLACE LAWS.**

8 Section 408 (42 U.S.C. 608) is amended by adding
9 at the end the following:

10 “(h) WORKPLACE LAWS.—An individual engaged in
11 an activity funded in whole or in part by the TANF pro-
12 gram shall not be subjected to discrimination based on
13 race, color, religion, sex, national origin, age, or disability,
14 and shall not be denied the benefits or protections of any
15 Federal, State or local employment, civil rights, or health
16 and safety law because of the status of the individual as
17 a participant in the TANF program.”.

18 **SEC. 108. NONDISPLACEMENT.**

19 (a) IN GENERAL.—Section 408 (42 U.S.C. 608), as
20 amended by section 107 of this Act, is amended by adding
21 at the end the following:

22 “(i) NONDISPLACEMENT.—With respect to activities
23 funded in whole or in part under this part, a State shall
24 establish and maintain such procedures as are necessary
25 to prohibit the placement of an individual in a work activ-

1 ity specified in section 407(d) from resulting in the dis-
 2 placement of any employee or position (including partial
 3 displacement, such as a reduction in the hours of non-
 4 overtime work wages or in employment benefits, a filling
 5 of any unfilled vacancy, or the performance of work when
 6 any other individual is on layoff from the same or any
 7 substantially equivalent job).”.

8 (b) STATE PLAN REQUIREMENT.—Section 402(a)
 9 (42 U.S.C. 602(a)) is amended by adding at the end the
 10 following:

11 “(8) A plan that outlines the resources and pro-
 12 cedures that will be used to ensure that the State
 13 will establish and maintain the procedures described
 14 in section 408(i).”.

15 **TITLE II—RESOURCES TO** 16 **SUPPORT WORK**

17 **SEC. 201. FUNDING FOR CHILD CARE.**

18 (a) INCREASE IN MANDATORY FUNDING.—Section
 19 418(a)(3) (42 U.S.C. 618(a)(3)) is amended—

20 (1) by striking “and” at the end of subpara-
 21 graph (E);

22 (2) by striking the period at the end of sub-
 23 paragraph (F) and inserting “; and”; and

24 (3) by adding at the end the following:

1 “(G) \$2,917,000,000 for each of fiscal
2 years 2006 through 2010.”.

3 (b) RESERVATION OF CHILD CARE FUNDS.—

4 (1) IN GENERAL.—Section 418(a)(4) (42
5 U.S.C. 618(a)(4)) is amended to read as follows:

6 “(4) AMOUNTS RESERVED.—

7 “(A) INDIAN TRIBES.—

8 “(i) IN GENERAL.—The Secretary
9 shall reserve 2 percent of the aggregate
10 amount appropriated to carry out this sec-
11 tion for a fiscal year for payments to In-
12 dian tribes and tribal organizations for
13 such fiscal year for the purpose of pro-
14 viding child care assistance.

15 “(ii) APPLICATION OF CCDBG RE-
16 QUIREMENTS.—Payments made under this
17 subparagraph shall be subject to the re-
18 quirements that apply to payments made
19 to Indian tribes and tribal organizations
20 under the Child Care and Development
21 Block Grant Act of 1990.

22 “(B) TERRITORIES.—

23 “(i) PUERTO RICO.—The Secretary
24 shall reserve 1.5 percent of the amount ap-
25 propriated under paragraph (5)(A)(i) for a

1 fiscal year for payments to the Common-
2 wealth of Puerto Rico for such fiscal year
3 for the purpose of providing child care as-
4 sistance.

5 “(ii) OTHER TERRITORIES.—The Sec-
6 retary shall reserve 0.5 percent of the
7 amount appropriated under paragraph
8 (5)(A)(i) for a fiscal year for payments to
9 Guam, American Samoa, the Virgin Is-
10 lands of the United States, and the Com-
11 monwealth of the Northern Mariana Is-
12 lands in amounts which bear the same
13 ratio to such amount as the amounts allot-
14 ted to such territories under section 658O
15 of the Child Care and Development Block
16 Grant Act of 1990 for the fiscal year bear
17 to the total amount reserved under such
18 section for that fiscal year.

19 “(iii) APPLICATION OF CCDBG RE-
20 QUIREMENTS.—Payments made under this
21 subparagraph shall be subject to the re-
22 quirements that apply to payments made
23 to territories under the Child Care and De-
24 velopment Block Grant Act of 1990.”.

1 (2) CONFORMING AMENDMENT.—Section
2 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by
3 striking “or 413(f)” and inserting “413(f), or
4 418(a)(4)(B)”.

5 (c) SUPPLEMENTAL GRANTS.—Section 418(a) (42
6 U.S.C. 618(a)) is amended—

7 (1) by redesignating paragraph (5) as para-
8 graph (7); and

9 (2) by inserting after paragraph (4) the fol-
10 lowing:

11 “(5) SUPPLEMENTAL GRANTS.—

12 “(A) APPROPRIATION.—

13 “(i) IN GENERAL.—For supplemental
14 grants under this section, there are appro-
15 priated—

16 “(I) \$1,200,000,000 for fiscal
17 year 2006;

18 “(II) \$1,500,000,000 for fiscal
19 year 2007;

20 “(III) \$1,900,000,000 for fiscal
21 year 2008;

22 “(IV) \$2,400,000,000 for fiscal
23 year 2009; and

24 “(V) \$3,000,000,000 for fiscal
25 year 2010.

1 “(ii) AVAILABILITY.—Amounts appro-
2 priated under clause (i) for a fiscal year
3 shall be in addition to amounts appro-
4 priated under paragraph (3) for such fiscal
5 year and shall remain available without fis-
6 cal year limitation.

7 “(B) SUPPLEMENTAL GRANT.—In addition
8 to the grants paid to a State under paragraphs
9 (1) and (2) for each of fiscal years 2006
10 through 2010, the Secretary, after reserving the
11 amounts described in subparagraphs (A) and
12 (B) of paragraph (4) for the fiscal year and
13 subject to paragraph (6), shall pay each State
14 an amount which bears the same ratio to the
15 amount specified in subparagraph (A)(i) of this
16 paragraph for the fiscal year (after the reserva-
17 tions), as the amount allotted to the State
18 under paragraph (2)(B) for fiscal year 2003
19 bears to the amount allotted to all States under
20 paragraph (2)(B) for fiscal year 2003.

21 “(6) REQUIREMENTS.—

22 “(A) MAINTENANCE OF EFFORT.—The
23 Secretary may not pay a supplemental grant to
24 a State under paragraph (5) for a fiscal year
25 unless the State ensures that the level of State

1 expenditures for child care for the fiscal year is
2 not less than the total amount of State expendi-
3 tures that were taken into account in deter-
4 mining the grant (if any) made to the State
5 under paragraph (2) for fiscal year 2003.

6 “(B) MATCHING REQUIREMENT FOR FIS-
7 CAL YEARS 2009 AND 2010.—With respect to the
8 amount of the supplemental grant made to a
9 State under paragraph (5) for each of fiscal
10 years 2009 and 2010 that exceeds the amount
11 of the grant made to the State under paragraph
12 (5) for fiscal year 2008, paragraph (2)(C) shall
13 apply to the excess amount in the same manner
14 as paragraph (2)(C) applies to grants made
15 under paragraph (2)(A) for each of fiscal years
16 2009 and 2010, respectively.

17 “(C) REDISTRIBUTION.—In the case of a
18 State that fails to satisfy the requirement of
19 subparagraph (A) of this paragraph for a fiscal
20 year, the supplemental grant determined under
21 paragraph (5) for the State for that fiscal year
22 shall be redistributed in accordance with para-
23 graph (2)(D).”.

24 (d) AMENDMENTS TO THE CHILD CARE AND DEVEL-
25 OPMENT BLOCK GRANT ACT OF 1990.—

1 (1) AUTHORIZATION OF APPROPRIATIONS.—
 2 Section 658B of the Child Care and Development
 3 Block Grant Act of 1990 (42 U.S.C. 9858) is
 4 amended to read as follows:

5 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

6 “There are authorized to be appropriated to carry out
 7 this subchapter \$2,350,000,000 for fiscal year 2006 and
 8 such sums as may be necessary for fiscal years 2007
 9 through 2010.”.

10 (2) CONFORMING AMENDMENT.—Section
 11 658E(c)(3)(D) of the Child Care and Development
 12 Block Grant Act of 1990 (42 U.S.C.
 13 9858e(c)(3)(D)) is amended by striking “1997
 14 through 2002” and inserting “2006 through 2010”.

15 **SEC. 202. FAMILY ASSISTANCE GRANTS.**

16 (a) IN GENERAL.—Section 403(a)(1)(A) (42 U.S.C.
 17 603(a)(1)(A)) is amended by striking “1996” and all that
 18 follows through “2003” and inserting “2005 through
 19 2010”.

20 (b) INFLATION INCREASE.—

21 (1) IN GENERAL.—Section 403(a)(1) (42
 22 U.S.C. 603(a)(1)) is amended—

23 (A) by striking subparagraph (B) and in-
 24 serting the following:

1 “(B) STATE FAMILY ASSISTANCE
2 GRANT.—The State family assistance grant
3 payable to a State for a fiscal year specified in
4 subparagraph (A) of this paragraph shall be—

5 “(i) the amount that bears the same
6 ratio to the amount specified in subpara-
7 graph (C) of this paragraph as the amount
8 required to be paid to the State under this
9 paragraph for fiscal year 2002 (determined
10 without regard to any reduction pursuant
11 to section 409 or 412(a)(1)) bears to the
12 total amount required to be paid under
13 this paragraph for fiscal year 2002 (as so
14 determined); multiplied by

15 “(ii) 1.00, plus the inflation percent-
16 age (as defined in subparagraph (D) of
17 this paragraph) in effect for the fiscal year
18 so specified.”; and

19 (B) by adding at the end the following:

20 “(D) INFLATION PERCENTAGE.—For pur-
21 poses of subparagraph (B) of this paragraph,
22 the inflation percentage applicable to a fiscal
23 year is the percentage (if any) by which—

24 “(i) the average of the Consumer
25 Price Index (as defined in section 1(f)(5)

1 of the Internal Revenue Code of 1986) for
 2 the 12-month period ending on September
 3 30 of the immediately preceding fiscal
 4 year; exceeds

5 “(ii) the average of the Consumer
 6 Price Index (as so defined) for the 12-
 7 month period ending on September 30,
 8 2007.”.

9 (2) EFFECTIVE DATE.—The amendments made by
 10 paragraph (1) shall take effect on October 1, 2008.

11 **SEC. 203 SOCIAL SERVICES BLOCK GRANT.**

12 (a) RESTORATION OF FUNDS.—Section 2003(c)(11)
 13 (42 U.S.C. 1397b(c)(11)) is amended by inserting “, ex-
 14 cept that, for fiscal year 2006, the amount shall be
 15 \$1,975,000,000, and for fiscal year 2007, the amount
 16 shall be \$2,800,000,000” after “thereafter”.

17 (b) RESTORATION OF AUTHORITY TO TRANSFER UP
 18 TO 10 PERCENT OF TANF FUNDS TO THE SOCIAL SERV-
 19 ICES BLOCK GRANT.—

20 (1) IN GENERAL.—Section 404(d)(2) (42
 21 U.S.C. 604(d)(2)) is amended to read as follows:

22 “(2) LIMITATION ON AMOUNT TRANSFERABLE
 23 TO TITLE XX PROGRAMS.—A State may use not
 24 more than 10 percent of the amount of any grant
 25 made to the State under section 403(a) for a fiscal

1 year to carry out State programs pursuant to title
2 XX.”.

3 (2) EFFECTIVE DATE.—The amendment made
4 by paragraph (1) shall apply to amounts made avail-
5 able for fiscal year 2006 or for any fiscal year there-
6 after.

7 (c) REQUIREMENT TO SUBMIT ANNUAL REPORT ON
8 STATE ACTIVITIES.—

9 (1) IN GENERAL.—Section 2006(a) (42 U.S.C.
10 1397e(a)) is amended by adding at the end the fol-
11 lowing: “The Secretary shall compile the reports
12 submitted by the States pursuant to this section and
13 submit the compilation to the Congress on an annual
14 basis.”.

15 (2) EFFECTIVE DATE.—The amendment made
16 by paragraph (1) shall apply to information sub-
17 mitted by States under section 2006 of the Social
18 Security Act (42 U.S.C. 1397e) with respect to fis-
19 cal year 2006 and each fiscal year thereafter.

20 **SEC. 204. 5-YEAR EXTENSION AND SIMPLIFICATION OF THE**
21 **TRANSITIONAL MEDICAL ASSISTANCE PRO-**
22 **GRAM (TMA).**

23 (a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12
24 MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO
25 AN ADDITIONAL YEAR.—

1 (1) OPTION OF CONTINUOUS ELIGIBILITY FOR
2 12 MONTHS BY MAKING REPORTING REQUIREMENTS
3 OPTIONAL.—Section 1925(b) (42 U.S.C. 1396r–
4 6(b)) is amended—

5 (A) in paragraph (1), by inserting “, at the
6 option of a State,” after “and which”;

7 (B) in paragraph (2)(A), by inserting
8 “Subject to subparagraph (C):” after “(A) No-
9 tices.—”;

10 (C) in paragraph (2)(B), by inserting
11 “Subject to subparagraph (C):” after “(B) Re-
12 porting requirements.—”;

13 (D) by adding at the end the following new
14 subparagraph:

15 “(C) STATE OPTION TO WAIVE NOTICE
16 AND REPORTING REQUIREMENTS.—A State
17 may waive some or all of the reporting require-
18 ments under clauses (i) and (ii) of subpara-
19 graph (B). Insofar as it waives such a reporting
20 requirement, the State need not provide for a
21 notice under subparagraph (A) relating to such
22 requirement.”; and

23 (E) in paragraph (3)(A)(iii), by inserting
24 “the State has not waived under paragraph
25 (2)(C) the reporting requirement with respect

1 to such month under paragraph (2)(B) and if”
 2 after “6-month period if”.

3 (2) STATE OPTION TO EXTEND ELIGIBILITY
 4 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-
 5 TIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r-
 6 6) is further amended—

7 (A) by redesignating subsections (c)
 8 through (f) as subsections (d) through (g), re-
 9 spectively; and

10 (B) by inserting after subsection (b) the
 11 following new subsection:

12 “(c) STATE OPTION OF UP TO 12 MONTHS OF ADDI-
 13 TIONAL ELIGIBILITY.—

14 “(1) IN GENERAL.—Notwithstanding any other
 15 provision of this title, each State plan approved
 16 under this title may provide, at the option of the
 17 State, that the State shall offer to each family which
 18 received assistance during the entire 6-month period
 19 under subsection (b) and which meets the applicable
 20 requirement of paragraph (2), in the last month of
 21 the period the option of extending coverage under
 22 this subsection for the succeeding period not to ex-
 23 ceed 12 months.

24 “(2) INCOME RESTRICTION.—The option under
 25 paragraph (1) shall not be made available to a fam-

1 ily for a succeeding period unless the State deter-
2 mines that the family’s average gross monthly earn-
3 ings (less such costs for such child care as is nec-
4 essary for the employment of the caretaker relative)
5 as of the end of the 6-month period under sub-
6 section (b) does not exceed 185 percent of the offi-
7 cial poverty line (as defined by the Office of Man-
8 agement and Budget, and revised annually in ac-
9 cordance with section 673(2) of the Omnibus Budget
10 Reconciliation Act of 1981) applicable to a family of
11 the size involved.

12 “(3) APPLICATION OF EXTENSION RULES.—
13 The provisions of paragraphs (2), (3), (4), and (5)
14 of subsection (b) shall apply to the extension pro-
15 vided under this subsection in the same manner as
16 they apply to the extension provided under sub-
17 section (b)(1), except that for purposes of this sub-
18 section—

19 “(A) any reference to a 6-month period
20 under subsection (b)(1) is deemed a reference
21 to the extension period provided under para-
22 graph (1) and any deadlines for any notices or
23 reporting and the premium payment periods
24 shall be modified to correspond to the appro-

1 prate calendar quarters of coverage provided
2 under this subsection; and

3 “(B) any reference to a provision of sub-
4 section (a) or (b) is deemed a reference to the
5 corresponding provision of subsection (b) or of
6 this subsection, respectively.”.

7 (b) STATE OPTION TO WAIVE RECEIPT OF MEDICAID
8 FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR TMA.—
9 Section 1925(a)(1) (42 U.S.C. 1396r–6(a)(1)) is amended
10 by adding at the end the following: “A State may, at its
11 option, also apply the previous sentence in the case of a
12 family that was receiving such aid for fewer than 3
13 months, or that had applied for and was eligible for such
14 aid for fewer than 3 months, during the 6 immediately
15 preceding months described in such sentence.”.

16 (c) 5-YEAR EXTENSION OF SUNSET FOR TMA.—

17 (1) IN GENERAL.—Subsection (g) of section
18 1925 (42 U.S.C. 1396r–6), as redesignated under
19 subsection (a)(2)(A), is further redesignated as sub-
20 section (i) and is amended by striking “2003” and
21 inserting “2010”.

22 (2) CONFORMING AMENDMENT.—Section
23 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is
24 amended by striking “2003” and inserting “2010”.

1 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-
 2 TION RATES UNDER TMA.—Section 1925 (42 U.S.C.
 3 1396r–6), as amended by subsections (a)(2)(A) and (c),
 4 is amended by adding at the end the following:

5 “(h) ADDITIONAL PROVISIONS.—

6 “(1) COLLECTION AND REPORTING OF PARTICI-
 7 PATION INFORMATION.—Each State shall—

8 “(A) collect and submit to the Secretary,
 9 in a format specified by the Secretary, informa-
 10 tion on average monthly enrollment and average
 11 monthly participation rates for adults and chil-
 12 dren under this section; and

13 “(B) make such information publicly avail-
 14 able.

15 Such information shall be submitted under subpara-
 16 graph (A) at the same time and frequency in which
 17 other enrollment information under this title is sub-
 18 mitted to the Secretary. Using such information, the
 19 Secretary shall submit to Congress annual reports
 20 concerning such rates.”.

21 (e) COORDINATION OF WORK.—Section 1925(h) (42
 22 U.S.C. 1396r–6(h)), as added by subsection (d), is amend-
 23 ed by adding at the end the following new paragraph:

24 “(2) COORDINATION WITH ADMINISTRATION
 25 FOR CHILDREN AND FAMILIES.—The Administrator

1 of the Centers for Medicare & Medicaid Services, in
 2 carrying out this section, shall work with the Assist-
 3 ant Secretary for the Administration for Children
 4 and Families to develop guidance or other technical
 5 assistance for States regarding best practices in
 6 guaranteeing access to transitional medical assist-
 7 ance under this section.”.

8 (f) ELIMINATION OF TMA REQUIREMENT FOR
 9 STATES THAT EXTEND COVERAGE TO CHILDREN AND
 10 PARENTS THROUGH 185 PERCENT OF POVERTY.—

11 (1) IN GENERAL.—Section 1925 (42 U.S.C.
 12 1396r–6) is further amended by inserting after sub-
 13 section (h), as added by subsection (d), the fol-
 14 lowing:

15 “(i) PROVISIONS OPTIONAL FOR STATES THAT EX-
 16 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH
 17 185 PERCENT OF POVERTY.—A State may meet (but is
 18 not required to meet) the requirements of subsections (a)
 19 and (b) if it provides for medical assistance under section
 20 1931 to families (including both children and caretaker
 21 relatives) the average gross monthly earning of which (less
 22 such costs for such child care as is necessary for the em-
 23 ployment of a caretaker relative) is at or below a level that
 24 is at least 185 percent of the official poverty line (as de-
 25 fined by the Office of Management and Budget, and re-

1 vised annually in accordance with section 673(2) of the
 2 Omnibus Budget Reconciliation Act of 1981) applicable
 3 to a family of the size involved.”.

4 (2) CONFORMING AMENDMENTS.—Section 1925
 5 (42 U.S.C. 1396r–6) is further amended, in sub-
 6 sections (a)(1) and (b)(1), by inserting “, but sub-
 7 ject to subsection (i),” after “Notwithstanding any
 8 other provision of this title,” each place it appears.

9 (g) REQUIREMENT OF NOTICE FOR ALL FAMILIES
 10 LOSING TANF.—Subsection (a)(2) of section 1925 (42
 11 U.S.C. 1396r–6) is amended by adding at the end the fol-
 12 lowing flush sentences:

13 “Each State shall provide, to families whose aid under
 14 part A or E of title IV has terminated but whose eligibility
 15 for medical assistance under this title continues, written
 16 notice of their ongoing eligibility for such medical assist-
 17 ance. If a State makes a determination that any member
 18 of a family whose aid under part A or E of title IV is
 19 being terminated is also no longer eligible for medical as-
 20 sistance under this title, the notice of such determination
 21 shall be supplemented by a 1-page notification form de-
 22 scribing the different ways in which individuals and fami-
 23 lies may qualify for such medical assistance and explaining
 24 that individuals and families do not have to be receiving
 25 aid under part A or E of title IV in order to qualify for

1 such medical assistance. Such notice shall further be sup-
 2 plemented by information on how to apply for child health
 3 assistance under the State children’s health insurance pro-
 4 gram under title XXI and how to apply for medical assist-
 5 ance under this title.”.

6 (h) EXTENDING USE OF OUTSTATIONED WORKERS
 7 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL
 8 ASSISTANCE.—Section 1902(a)(55) (42 U.S.C.
 9 1396a(a)(55)) is amended by inserting “and under section
 10 1931” after “(a)(10)(A)(ii)(IX)”.

11 (i) EFFECTIVE DATES.—

12 (1) IN GENERAL.—Except as provided in this
 13 subsection, the amendments made by this section
 14 shall apply to calendar quarters beginning on or
 15 after October 1, 2005, without regard to whether or
 16 not final regulations to carry out such amendments
 17 have been promulgated by such date.

18 (2) NOTICE.—The amendment made by sub-
 19 section (g) shall take effect 6 months after the date
 20 of enactment of this Act.

21 (3) DELAY PERMITTED FOR STATE PLAN
 22 AMENDMENT.—In the case of a State plan for med-
 23 ical assistance under title XIX of the Social Security
 24 Act which the Secretary of Health and Human Serv-
 25 ices determines requires State legislation (other than

1 legislation appropriating funds) in order for the plan
 2 to meet the additional requirements imposed by the
 3 amendments made by this section, the State plan
 4 shall not be regarded as failing to comply with the
 5 requirements of such title solely on the basis of its
 6 failure to meet these additional requirements before
 7 the first day of the first calendar quarter beginning
 8 after the close of the first regular session of the
 9 State legislature that begins after the date of enact-
 10 ment of this Act. For purposes of the previous sen-
 11 tence, in the case of a State that has a 2-year legis-
 12 lative session, each year of such session shall be
 13 deemed to be a separate regular session of the State
 14 legislature.

15 **SEC. 205. EXTENSION OF SUPPLEMENTAL GRANTS.**

16 Section 403(a)(3) (42 U.S.C. 603(a)(3)) is amend-
 17 ed—

18 (1) in subparagraph (A)—

19 (A) by striking “and” at the end of clause

20 (i);

21 (B) by striking the period at the end of
 22 clause (ii) and inserting “; and”; and

23 (C) by adding at the end the following:

24 “(iii) for each of fiscal years 2006

25 through 2010, a grant in an amount equal

1 to the amount required to be paid to the
 2 State under this paragraph in fiscal year
 3 2001.”;

4 (2) in subparagraph (E), by striking “1998”
 5 and all that follows and inserting “2006 through
 6 2010 \$1,597,250,000 for grants under this para-
 7 graph.”;

8 (3) by striking subparagraph (G); and

9 (4) by striking subparagraph (H), as amended
 10 by section 801(b)(1) of this Act.

11 **SEC. 206. ADDITIONAL GRANTS FOR STATES WITH LOW**
 12 **FEDERAL FUNDING PER POOR CHILD.**

13 Section 403(a) (42 U.S.C. 603(a)) is amended by
 14 adding at the end the following:

15 “(6) ADDITIONAL GRANTS FOR STATES WITH LOW
 16 FEDERAL FUNDING PER POOR CHILD.—

17 “(A) IN GENERAL.—The Secretary shall make
 18 a grant pursuant to this paragraph to a State—

19 “(i) for fiscal year 2006, if the State is an
 20 inadequately poverty-funded State for fiscal
 21 year 2005; and

22 “(ii) for any of fiscal years 2006 through
 23 2010, if the State is an inadequately poverty-
 24 funded State for any prior fiscal year after fis-
 25 cal year 2005.

1 “(B) INADEQUATELY POVERTY-FUNDED
2 STATE.—For purposes of this paragraph, a State is
3 an inadequately poverty-funded State for a par-
4 ticular fiscal year if—

5 “(i) the total amount of the grants made
6 to the State under paragraph (1), paragraph
7 (3), and this paragraph for the particular fiscal
8 year, divided by the number of children in pov-
9 erty in the State with respect to the particular
10 fiscal year is less than 75 percent of the total
11 amount of grants made to all eligible States
12 under paragraph (1), paragraph (3), and this
13 paragraph for the particular fiscal year, divided
14 by the total number of children living in poverty
15 in all eligible States with respect to the par-
16 ticular fiscal year; and

17 “(ii) the total of the amounts paid to the
18 State under this subsection for all prior fiscal
19 years that have not been expended by the State
20 by the end of the preceding fiscal year is less
21 than 50 percent of State family assistance
22 grant for the particular fiscal year.

23 “(C) AMOUNT OF GRANT.—The amount of the
24 grant to be made under this paragraph to a State
25 for a particular fiscal year shall be—

1 “(i) if the particular fiscal year is fiscal
2 year 2006, an amount equal to—

3 “(I) the number of children in poverty
4 in the State for the then preceding fiscal
5 year, divided by the total number of chil-
6 dren in poverty in all States that are inad-
7 equately poverty-funded States for the then
8 preceding fiscal year; multiplied by

9 “(II) the amount appropriated pursu-
10 ant to subparagraph (G) for the particular
11 fiscal year; or

12 “(ii) if the particular fiscal year is any of
13 fiscal years 2007 through 2010, an amount
14 equal to—

15 “(I) the amount required to be paid to
16 the State under this paragraph for the
17 then preceding fiscal year; plus

18 “(II) if the State is an inadequately
19 poverty-funded State for the then pre-
20 ceding fiscal year—

21 “(aa) the number of children in
22 poverty in the State for the then pre-
23 ceding fiscal year, divided by the total
24 number of children in poverty in all
25 States that are inadequately poverty-

1 funded States for the then preceding
2 fiscal year; multiplied by
3 “(bb) the amount appropriated
4 pursuant to subparagraph (G) for the
5 particular fiscal year.

6 “(D) USE OF GRANT.—A State to which a
7 grant is made under this paragraph shall use the
8 grant for any purpose for which a grant made under
9 this part may be used.

10 “(E) DEFINITIONS.—In this paragraph:

11 “(i) CHILDREN IN POVERTY.—The term
12 ‘children in poverty’ means, with respect to a
13 State and a fiscal year, the number of children
14 residing in the State who had not attained 18
15 years of age and whose family income was less
16 than the poverty line then applicable to the
17 family, as of the end of the fiscal year.

18 “(ii) POVERTY LINE.—The term ‘poverty
19 line’ has the meaning given the term in section
20 673(2) of the Omnibus Budget Reconciliation
21 Act of 1981, including any revision required by
22 such section.

23 “(F) FAMILY INCOME DETERMINATIONS.—For
24 purposes of this paragraph, family income includes

1 cash income, except cash benefits from means-tested
2 public programs and child support payments.

3 “(G) APPROPRIATIONS.—

4 “(i) IN GENERAL.—Out of any money in
5 the Treasury of the United States not otherwise
6 appropriated, there are appropriated for grants
7 under this paragraph—

8 “(I) \$45,000,000 for fiscal year 2006;

9 “(II) \$90,000,000 for fiscal year
10 2007;

11 “(III) \$135,000,000 for fiscal year
12 2008;

13 “(IV) \$180,000,000 for fiscal year
14 2009; and

15 “(V) \$225,000,000 for fiscal year
16 2010.

17 “(ii) AVAILABILITY.—Amounts made avail-
18 able under clause (i) shall remain available until
19 expended.”.

20 **SEC. 207. BONUS TO REWARD HIGH PERFORMANCE**
21 **STATES.**

22 Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amend-
23 ed—

24 (1) in subparagraph (D), by striking
25 “\$1,000,000,000” and inserting “\$1,800,000,000”;

1 (2) in subparagraph (E), by striking “and
2 2003” and inserting “2005, 2006, 2007, 2008,
3 2009, and 2010”; and

4 (3) in subparagraph (F), by striking
5 “\$1,000,000,000” and inserting “\$800,000,000, and
6 for fiscal years 2006 through 2010
7 \$1,000,000,000.”.

8 **SEC. 208. CONTINGENCY FUND.**

9 (a) CONTINGENCY FUNDING AVAILABLE TO NEEDY
10 STATES.—Section 403(b) (42 U.S.C. 603(b)) is amend-
11 ed—

12 (1) by striking paragraphs (1) through (3) and
13 inserting the following:

14 “(1) CONTINGENCY FUND GRANTS.—

15 “(A) PAYMENTS.—Subject to subpara-
16 graph (C), and out of funds appropriated under
17 subparagraph (E), each State shall receive a
18 contingency fund grant for each eligible month
19 in which the State is a needy State under para-
20 graph (3).

21 “(B) MONTHLY CONTINGENCY FUND
22 GRANT AMOUNT.—For each eligible month in
23 which a State is a needy State, the State shall
24 receive a contingency fund grant equal to the
25 higher of \$0 and the applicable percentage (as

defined in subparagraph (D)(i)) of the product
of—

“(i) the applicable benefit level (as defined in subparagraph (D)(ii)); and

“(ii) the adjusted increase in the number of families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in subparagraph (D)(iii)).

“(C) LIMITATION.—The total amount paid to a single State under subparagraph (A) during a fiscal year shall not exceed the amount equal to 10 percent of the State family assistance grant (as defined under subparagraph (B) of subsection (a)(1) and increased under subparagraph (E) of that subsection).

“(D) DEFINITIONS.—In this paragraph:

“(i) APPLICABLE PERCENTAGE.—The term ‘applicable percentage’ means the higher of—

“(I) 60 percent; and

“(II) the Federal medical assistance percentage for the State (as defined in section 1905(b)).

1 “(ii) APPLICABLE BENEFIT LEVEL.—

2 “(I) IN GENERAL.—Subject to
3 subclause (II), the term ‘applicable
4 benefit level’ means the amount equal
5 to the maximum cash assistance grant
6 for a family consisting of 3 individuals
7 under the State program funded
8 under this part.

9 “(II) RULE FOR STATES WITH
10 MORE THAN 1 MAXIMUM LEVEL.—In
11 the case of a State that has more
12 than 1 maximum cash assistance
13 grant level for families consisting of 3
14 individuals, the basic assistance cost
15 shall be the amount equal to the max-
16 imum cash assistance grant level ap-
17 plicable to the largest number of fami-
18 lies consisting of 3 individuals receiv-
19 ing assistance under the State pro-
20 gram funded under this part and all
21 programs funded with qualified State
22 expenditures (as defined in section
23 409(a)(7)(B)(i)).

24 “(iii) ADJUSTED INCREASE IN THE
25 NUMBER OF FAMILIES RECEIVING ASSIST-

1 ANCE UNDER THE STATE PROGRAM FUND-
2 ED UNDER THIS PART AND ALL PROGRAMS
3 FUNDED WITH QUALIFIED STATE EXPEND-
4 ITURES.—The term ‘adjusted increase in
5 the number of families receiving assistance
6 under the State program funded under this
7 part and all programs funded with quali-
8 fied State expenditures’ means the increase
9 in—

10 “(I) the unduplicated number of
11 families receiving assistance under the
12 State program funded under this part
13 and all programs funded with quali-
14 fied State expenditures (as defined in
15 section 409(a)(7)(B)(i)) in the most
16 recent month for which data from the
17 State are available; as compared to

18 “(II) the product of—

19 “(aa) the lower of the aver-
20 age monthly number of families
21 receiving such assistance in ei-
22 ther of the 2 completed fiscal
23 years immediately preceding the
24 fiscal year in which the State ini-

1 tially qualifies as a needy State;

2 and

3 “(bb) 1.04.

4 “(E) APPROPRIATION.—Out of any money
5 in the Treasury of the United States not other-
6 wise appropriated, there is appropriated for the
7 period of fiscal years 2006 through 2010, such
8 sums as are necessary for making contingency
9 fund grants under this subsection in a total
10 amount not to exceed \$2,000,000,000.”;

11 (2) by redesignating paragraph (4) as para-
12 graph (2); and

13 (3) in paragraph (2) (as so redesignated)—

14 (A) by striking “(3)(A)” and inserting
15 “(1)”; and

16 (B) by striking “2-month period that be-
17 gins with any” and inserting “fiscal year quar-
18 ter that includes a”.

19 (b) MODIFICATION OF DEFINITION OF NEEDY
20 STATE.—Section 403(b) (42 U.S.C. 603(b)), as amended
21 by subsection (a) of this section, is amended—

22 (1) by striking paragraphs (5) and (6);

23 (2) by redesignating paragraphs (7) and (8) as
24 paragraphs (5) and (6), respectively; and

1 (3) by inserting after paragraph (2) (as so re-
2 designated by subsection (a)(2) of this section) the
3 following:

4 “(3) INITIAL DETERMINATION OF WHETHER A
5 STATE QUALIFIES AS A NEEDY STATE.—

6 “(A) IN GENERAL.—For purposes of para-
7 graph (1), a State shall be initially determined
8 to be a needy State for a month if the State
9 satisfies any of the following:

10 “(i) The—

11 “(I) average rate of total unem-
12 ployment in the State for the period
13 consisting of the most recent 3
14 months for which data are available
15 has increased by the lesser of 1.5 per-
16 centage points or by 50 percent over
17 the corresponding 3-month period in
18 either of the 2 most recent preceding
19 fiscal years; or

20 “(II) average insured unemploy-
21 ment rate for the most recent 3
22 months for which data are available
23 has increased by 1 percentage point
24 over the corresponding 3-month pe-

1 riod in either of the 2 most recent
2 preceding fiscal years.

3 “(ii) As determined by the Secretary
4 of Agriculture, the monthly average num-
5 ber of households (as of the last day of
6 each month) that participated in the food
7 stamp program in the State in the then
8 most recently concluded 3-month period
9 for which data are available exceeds by at
10 least 10 percent the monthly average num-
11 ber of households (as of the last day of
12 each month) in the State that participated
13 in the food stamp program in the cor-
14 responding 3-month period in either of the
15 2 most recent preceding fiscal years, but
16 only if the Secretary of Agriculture makes
17 a determination that the State’s increased
18 caseload was due, in large measure, to eco-
19 nomic conditions rather than changes in
20 Federal or State policies related to the
21 food stamp program.

22 “(iii) As determined by the Secretary,
23 the monthly average of the unduplicated
24 number of families that received assistance
25 under the State program funded under this

1 part and all programs funded with quali-
2 fied State expenditures (as defined in sec-
3 tion 409(a)(7)(B)(i)) in the most recently
4 concluded 3-month period for which data
5 are available from the State increased by
6 at least 10 percent over the number of
7 such families that received such benefits in
8 the corresponding 3-month period in either
9 of the 2 most recent preceding fiscal years,
10 but only if the Secretary makes a deter-
11 mination that the State's increased case-
12 load was due, in large measure, to eco-
13 nomic conditions rather than State policy
14 changes.

15 “(B) DURATION.—

16 “(i) IN GENERAL.—A State that
17 qualifies as a needy State—

18 “(I) under subparagraph (A)(i),
19 shall be considered a needy State until
20 either the State's (seasonally ad-
21 justed) total unemployment rate or
22 (seasonally adjusted) insured unem-
23 ployment rate, whichever rate was
24 used to meet the definition as a needy
25 State under that subparagraph for the

1 most recently concluded 3-month pe-
2 riod for which data are available, falls
3 below the level attained in the 3-
4 month period that was used to first
5 determine that the State qualified as
6 a needy State under that subpara-
7 graph;

8 “(II) under subparagraph (A)(ii),
9 shall be considered a needy State until
10 the average monthly number of house-
11 holds participating in the food stamp
12 program for the most recently con-
13 cluded 3-month period for which data
14 are available nationally falls below the
15 food stamp base period level; and

16 “(III) under subparagraph
17 (A)(iii), shall be considered a needy
18 State until the unduplicated number
19 of families receiving assistance under
20 the State program funded under this
21 part and all programs funded with
22 qualified State expenditures (as de-
23 fined in section 409(a)(7)(B)(i)) for
24 the most recently concluded 3-month
25 period for which data are available

1 falls below the TANF base period
2 level.

3 “(ii) SEASONAL VARIATIONS.—

4 “(I) IN GENERAL.—Subject to
5 subclause (II) of this clause, notwith-
6 standing subclauses (II) and (III) of
7 clause (i), a State shall be considered
8 a needy State—

9 “(aa) under subparagraph
10 (A)(ii) of this paragraph, if with
11 respect to the State, the monthly
12 average number of households
13 participating in the food stamp
14 program for the most recent 3-
15 month period for which data are
16 available nationally falls below
17 the food stamp base period level
18 and the Secretary determines
19 that this is due to expected sea-
20 sonal variations in food stamp re-
21 ceipt in the State; and

22 “(bb) under subparagraph
23 (A)(iii) of this paragraph, if, with
24 respect to a State, the monthly
25 average of the number of

1 unduplicated families receiving
2 assistance under the State pro-
3 gram funded under this part and
4 all programs funded with quali-
5 fied State expenditures (as de-
6 fined in section 409(a)(7)(B)(i))
7 for the most recently concluded
8 3-month period for which data
9 are available nationally falls
10 below the TANF base period
11 level and the Secretary deter-
12 mines that this is due to expected
13 seasonal variations in assistance
14 receipt in the State.

15 “(II) LIMITATIONS.—A State
16 shall not be considered a needy State
17 pursuant to—

18 “(aa) subclause (I)(aa) of
19 this clause, unless the Secretary
20 of Agriculture determines that
21 the number of households receiv-
22 ing food stamps remained at ele-
23 vated levels largely due to eco-
24 nomic factors; and

1 “(bb) subclause (I)(bb) of
2 this clause, unless the Secretary
3 determines that the unduplicated
4 number of families receiving as-
5 sistance under the State program
6 funded under this part and all
7 programs funded with qualified
8 State expenditures (as defined in
9 section 409(a)(7)(B)(i)) re-
10 mained at elevated levels largely
11 due to economic factors.

12 “(iii) FOOD STAMP BASE PERIOD
13 LEVEL.—In this subparagraph, the term
14 ‘food stamp base period level’ means the
15 monthly average number of households
16 participating in the food stamp program
17 that corresponds to the most recent 3-
18 month period for which data are available
19 at the time when the State first was deter-
20 mined to be a needy State under this para-
21 graph.

22 “(iv) TANF BASE PERIOD LEVEL.—
23 In this subparagraph, the term ‘TANF
24 base period level’ means the monthly aver-
25 age of the unduplicated number of families

receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) that corresponds to the most recent 3 months for which data are available at the time when the State first was determined to be a needy State under this paragraph.

“(4) EXCEPTIONS.—

“(A) UNEXPENDED BALANCES.—

“(i) IN GENERAL.—Notwithstanding paragraph (3) of this subsection, a State that has unexpended TANF balances in an amount that exceeds 30 percent of the total amount of grants received by the State under subsection (a) for the most recently completed fiscal year (other than welfare-to-work grants made under subsection (a)(5) before fiscal year 2000), shall not be a needy State under this subsection.

“(ii) DEFINITION OF UNEXPENDED TANF BALANCES.—In clause (i), the term

1 ‘unexpended TANF balances’ means the
2 lessor of—

3 “(I) the total amount of grants
4 made to the State (regardless of the
5 fiscal year in which such funds were
6 awarded) under subsection (a) (other
7 than welfare-to-work grants made
8 under subsection (a)(5) before fiscal
9 year 2000) but not yet expended as of
10 the end of the fiscal year preceding
11 the fiscal year for which the State
12 would, in the absence of this subpara-
13 graph, be considered a needy State
14 under this subsection; and

15 “(II) the total amount of grants
16 made to the State under subsection
17 (a) (other than welfare-to-work grants
18 made under subsection (a)(5) before
19 fiscal year 2000) but not yet expended
20 as of the end of such preceding fiscal
21 year, plus the difference between—

22 “(aa) the pro rata share of
23 the current fiscal year grant to
24 be made under subsection (a) to
25 the State; and

1 “(bb) current year expendi-
2 tures of the total amount of
3 grants made to the State under
4 subsection (a) (regardless of the
5 fiscal year in which such funds
6 were awarded) (other than such
7 welfare-to-work grants) through
8 the end of the most recent cal-
9 endar quarter.

10 “(B) FAILURE TO SATISFY MAINTENANCE
11 OF EFFORT REQUIREMENT.—Notwithstanding
12 paragraph (3) of this subsection, a State that
13 fails to satisfy the requirement of section
14 409(a)(7) with respect to a fiscal year shall not
15 be a needy State under this subsection for that
16 fiscal year.”.

17 (c) CLARIFICATION OF REPORTING REQUIRE-
18 MENTS.—Paragraph (6) (as so redesignated by subsection
19 (b)(2) of this section) of section 403(b) (42 U.S.C.
20 603(b)) is amended by striking “on the status of the
21 Fund” and inserting “on the States that qualified for con-
22 tingency funds and the amount of funding awarded under
23 this subsection”.

1 (d) ELIMINATION OF PENALTY FOR FAILURE TO
 2 MAINTAIN 100 PERCENT MAINTENANCE OF EFFORT.—

3 Section 409(a) (42 U.S.C. 609(a)) is amended—

4 (1) by striking paragraph (10); and

5 (2) be redesignating paragraphs (11) through
 6 (14) as paragraphs (10) through (13), respectively.

7 **SEC. 209. ELIGIBILITY OF PUERTO RICO, THE UNITED**
 8 **STATES VIRGIN ISLANDS, AND GUAM FOR**
 9 **THE SUPPLEMENTAL GRANT FOR POPU-**
 10 **LATION INCREASES, THE CONTINGENCY**
 11 **FUND, AND MANDATORY CHILD CARE FUND-**
 12 **ING.**

13 (a) SUPPLEMENTAL GRANT FOR POPULATION IN-
 14 CREASES.—

15 (1) IN GENERAL.—Section 403(a)(3)(D)(iii)
 16 (42 U.S.C. 603(a)(3)(D)(iii)) is amended by striking
 17 “and the District of Columbia.” and inserting “, the
 18 District of Columbia, Puerto Rico, the United States
 19 Virgin Islands, and Guam. For fiscal years begin-
 20 ning after the effective date of this sentence, this
 21 paragraph shall be applied and administered as if
 22 the term ‘State’ included the Commonwealth of
 23 Puerto Rico, the United States Virgin Islands, and
 24 Guam for fiscal year 1998 and thereafter.”.

1 (2) GRANT PAYMENT DISREGARDED FOR PUR-
2 POSES OF SECTION 1108 LIMITATION.—Section
3 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by
4 inserting “, or any payment made to the Common-
5 wealth of Puerto Rico, the United States Virgin Is-
6 lands, or Guam under section 403(a)(3)” before the
7 period.

8 (b) CONTINGENCY FUND.—

9 (1) IN GENERAL.—Section 403(b)(7) (42
10 U.S.C. 603(b)(7)) is amended by striking “and the
11 District of Columbia” and inserting “, the District
12 of Columbia, the Commonwealth of Puerto Rico, the
13 United States Virgin Islands, and Guam.”.

14 (2) GRANT PAYMENT DISREGARDED FOR PUR-
15 POSES OF SECTION 1108 LIMITATION.—Section
16 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by
17 subsection (a)(2) of this section, is amended by in-
18 serting “or 403(b)” after “403(a)(3)”.

19 (c) CHILD CARE ENTITLEMENT FUNDS.—

20 (1) IN GENERAL.—Section 418(d) (42 U.S.C.
21 618(d)) is amended by striking “and the District of
22 Columbia” and inserting “, the District of Columbia,
23 the Commonwealth of Puerto Rico, the United
24 States Virgin Islands, and Guam”.

25 (2) AMOUNT OF PAYMENT.—

1 (A) GENERAL ENTITLEMENT.—Section
2 418(a)(1) (42 U.S.C. 618(a)(1)) is amended by
3 striking “the greater of—” and all that follows
4 and inserting the following:

5 “(A) in the case of the Commonwealth of
6 Puerto Rico, the United States Virgin Islands,
7 and Guam, 60 percent of the amount required
8 to be paid to the State for fiscal year 2001
9 under the Child Care and Development Block
10 Grant Act of 1990; or

11 “(B) in the case of any other State, the
12 greater of—

13 “(i) the total amount required to be
14 paid to the State under section 403 for fis-
15 cal year 1994 or 1995 (whichever is great-
16 er) with respect to expenditures for child
17 care under subsections (g) and (i) of sec-
18 tion 402 (as in effect before October 1,
19 1995); or

20 “(ii) the average of the total amounts
21 required to be paid to the State for fiscal
22 years 1992 through 1994 under the sub-
23 sections referred to in clause (i).”.

1 (B) ALLOTMENT OF REMAINDER.—Section
 2 418(a)(2)(B) (42 U.S.C. 618(a)(2)(B)) is
 3 amended to read as follows:

4 “(B) ALLOTMENTS TO STATES.—Of the
 5 total amount available for payments to States
 6 under this paragraph, as determined under sub-
 7 paragraph (A) of this paragraph—

8 “(i) an amount equal to 65 percent of
 9 the amount required to be paid to each of
 10 the Commonwealth of Puerto Rico, the
 11 United States Virgin Islands, and Guam
 12 for fiscal year 2001 under the Child Care
 13 and Development Block Grant Act of
 14 1990, shall be allotted to the Common-
 15 wealth of Puerto Rico, the United States
 16 Virgin Islands, and Guam, respectively;
 17 and

18 “(ii) the remainder shall be allotted
 19 among the other States based on the for-
 20 mula used for determining the amount of
 21 Federal payments to each State under sec-
 22 tion 403(n) of this Act (as in effect before
 23 October 1, 1995).”.

24 (3) GRANT PAYMENT DISREGARDED FOR PUR-
 25 POSES OF SECTION 1108 LIMITATION.—Section

1 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by
 2 subsections (a)(2) and (b)(2) of this section, is
 3 amended by striking “or 403(b)” and inserting “,
 4 403(b), or 418”.

5 **TITLE III—ACCESS TO EDU-**
 6 **CATION, TRAINING, AND RE-**
 7 **HABILITATIVE SERVICES**

8 **SEC. 301. EDUCATION AND TRAINING.**

9 (a) VOCATIONAL AND POSTSECONDARY EDU-
 10 CATION.—

11 (1) IN GENERAL.—Section 407(d)(8) is amend-
 12 ed to read as follows:

13 “(8) vocational education and training and
 14 postsecondary education that is a requirement of the
 15 individual’s individual responsibility plan under sec-
 16 tion 408(b) (not to exceed 24 months with respect
 17 to any individual);”.

18 (2) ELIMINATION OF RECIPIENTS COMPLETING
 19 SECONDARY SCHOOL FROM LIMIT ON NUMBER OF
 20 TANF RECIPIENTS PARTICIPATING IN VOCATIONAL
 21 EDUCATION TRAINING.—

22 (A) IN GENERAL.—Section 407(c)(2)(D)
 23 (42 U.S.C. 607(c)(2)(D)) is amended by strik-
 24 ing “educational training, or (if the month is in
 25 fiscal year 2000 or thereafter) deemed to be en-

gaged in work for the month by reason of subparagraph (C) of this paragraph” and inserting “education and training (determined without regard to any individual described in subparagraph (C))”.

(B) CONFORMING AMENDMENTS.—

(i) Section 407(c)(2)(C)(ii) (42 U.S.C. 607(c)(2)(C)(ii) is amended by inserting “, including vocational education and training,” after “employment”.

(ii) Section 407(c)(2)(D) (42 U.S.C. 607(c)(2)(D)) is amended in the heading, by striking “EDUCATIONAL” and inserting “VOCATIONAL EDUCATION”.

(b) STATE OPTION TO TREAT LIMITED NUMBER OF PARTICIPANTS IN POSTSECONDARY EDUCATIONAL ACTIVITIES AS ENGAGED IN WORK.—

(1) IN GENERAL.—Section 407(c)(2) (42 U.S.C. 607(c)(2)) is amended by adding at the end the following:

“(E) STATE OPTION TO TREAT LIMITED NUMBER OF PARTICIPANTS IN POSTSECONDARY EDUCATIONAL ACTIVITIES AS ENGAGED IN WORK.—

1 “(i) IN GENERAL.—For purposes of
2 determining monthly participation rates
3 under subsection (b)(1)(B)(i), a State may
4 treat a recipient who has participated in
5 postsecondary educational activities in con-
6 nection with a course of study, training,
7 study time, employment, or work experi-
8 ence for an average of not less than 24
9 hours (or, in the case of a recipient de-
10 scribed in subparagraph (B) of this para-
11 graph, 20 hours) per week in a month as
12 engaged in work for the month, subject to
13 clauses (ii) and (iii) of this subparagraph.

14 “(ii) LIMITATION.—The number of
15 families that include a recipient treated as
16 engaged in work for a month by reason of
17 clause (i) may not exceed 10 percent of the
18 average monthly number of families to
19 which assistance is provided under the
20 State program funded under this part dur-
21 ing the fiscal year.

22 “(iii) WORK REQUIRED AFTER 24
23 MONTHS.—A State may not treat a recipi-
24 ent as engaged in work for a month by
25 reason of clause (i) after the first 24

1 months of such treatment, unless the re-
 2 cipient works for an average of not less
 3 than 15 hours per week in the month. ”.

4 (2) CONFORMING AMENDMENTS.—

5 (A) Section 407(c)(2)(D) (42 U.S.C.
 6 607(c)(2)(D)), as amended by subsection
 7 (a)(2)(A) of this section, is amended—

8 (i) in the heading, by inserting “cer-
 9 tain” after “participation in”; and

10 (ii) by inserting “and without regard
 11 to individuals treated as engaged in work
 12 by reason of subparagraph (E)” before the
 13 last close parenthesis.

14 (B) Section 407(d)(8), as amended by sub-
 15 section (a)(1) of this section, is amended by in-
 16 serting “, or such longer period as the State
 17 may allow for an individual who is treated as
 18 engaged in work by reason of subsection
 19 (c)(2)(E)” after “any individual”.

20 **SEC. 302. REHABILITATIVE SERVICES.**

21 (a) ADDITIONAL WORK ACTIVITIES.—Section 407(d)
 22 (42 U.S.C. 607(d)) is amended—

23 (1) in paragraph (11), by striking “and” at the
 24 end;

1 (2) in paragraph (12), by striking the period
2 and inserting “; and”; and

3 (3) by adding at the end the following:

4 “(13) rehabilitative services and employment-re-
5 lated services, such as adult basic education, partici-
6 pation in a program designed to increase proficiency
7 in the English language, or, in the case of an indi-
8 vidual determined by a qualified medical, mental
9 health, or social services professional as having a
10 physical or mental disability, substance abuse prob-
11 lem, or other problem that requires rehabilitative
12 services, substance abuse treatment, mental health
13 treatment, or other rehabilitative services, if the ob-
14 taining of such services is a requirement of the indi-
15 vidual’s individual responsibility plan under section
16 408(b) (not to exceed 6 months, or, if the obtaining
17 of the services for a longer period is a requirement
18 of the individual’s plan under section 408(b), not to
19 exceed 18 months, but only if, during the last 12 of
20 such 18 months, such services are combined with
21 work or job-readiness activities), until an individual
22 successfully completes obtaining the services.”.

23 (b) CONFORMING AMENDMENTS.—Section 407(c)(1)
24 (42 U.S.C. 607(c)(1)) is amended by striking “or (12)”
25 and inserting “(12), or (13)”.

1 **TITLE IV—REDUCING POVERTY**

2 **SEC. 401. POVERTY REDUCTION.**

3 Section 401(a) (42 U.S.C. 601(a)) is amended—

4 (1) by striking “and” at the end of paragraph

5 (3);

6 (2) by striking the period at the end of para-

7 graph (4) and inserting “; and”; and

8 (3) by adding at the end the following:

9 “(5) reduce the extent and severity of poverty
10 and promote self-sufficiency among families with
11 children.”.

12 **SEC. 402. EMPLOYMENT ENHANCEMENT.**

13 (a) IN GENERAL.—Section 402(a)(1)(A) (42 U.S.C.
14 602(a)(1)(A)) is amended by adding at the end the fol-
15 lowing:

16 “(vii) Establish goals and take action
17 to improve initial earnings, job advance-
18 ment, and employment retention for indi-
19 viduals in and individuals leaving the pro-
20 gram.”.

21 (b) INCLUSION IN ANNUAL REPORTS OF PROGRESS
22 IN ACHIEVING EMPLOYMENT ADVANCEMENT GOALS.—

23 Section 411(b) (42 U.S.C. 611(b)) is amended—

24 (1) by striking “and” at the end of paragraph

25 (3);

1 (2) by striking the period at the end of para-
2 graph (4) and inserting “; and” ; and

3 (3) by adding at the end the following:

4 “(5) in each report submitted after fiscal year
5 2005, the progress made by the State in achieving
6 the goals referred to in section 402(a)(1)(A)(vii) in
7 the most recent State plan submitted pursuant to
8 section 402(a).”.

9 **TITLE V—SUPPORTING FAMI-**
10 **LIES AND RESPONSIBLE PAR-**
11 **ENTING**

12 **SEC. 501. FAMILY FORMATION FUND.**

13 Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended
14 to read as follows:

15 “(2) FAMILY FORMATION FUND.—

16 “(A) IN GENERAL.—The Secretary shall
17 provide grants to States and localities for re-
18 search, technical assistance, and demonstration
19 projects to promote and fund best practices in
20 the following areas:

21 “(i) Promoting the formation of 2-
22 parent families.

23 “(ii) Reducing teenage pregnancies.

1 “(iii) Increasing the ability of non-
2 custodial parents to financially support
3 and be involved with their children.

4 “(B) ALLOCATION OF FUNDS.—In making
5 grants under this paragraph, the Secretary
6 shall ensure that not less than 30 percent of
7 the funds made available pursuant to this para-
8 graph for a fiscal year are used in each of the
9 areas described in subparagraph (A).

10 “(C) CONSIDERATION OF DOMESTIC VIO-
11 LENCE IMPACT.—In making grants under this
12 paragraph, the Secretary shall consider the po-
13 tential impact of a project on the incidence of
14 domestic violence.

15 “(D) APPROPRIATION.—Out of any money
16 in the Treasury of the United States not other-
17 wise appropriated, there are appropriated for
18 each of fiscal years 2006 through 2010
19 \$100,000,000 for grants under this para-
20 graph.”.

21 **SEC. 502. TWO-PARENT ELIGIBILITY.**

22 (a) BAN ON IMPOSITION OF STRICTER ELIGIBILITY
23 CRITERIA FOR 2-PARENT FAMILIES.—

1 (1) PROHIBITION.—Section 408(a) (42 U.S.C.
2 608(a)) is amended by adding at the end the fol-
3 lowing:

4 “(12) BAN ON IMPOSITION OF STRICTER ELIGI-
5 BILITY CRITERIA FOR 2-PARENT FAMILIES.—In de-
6 termining the eligibility of a 2-parent family for any
7 benefit or service funded under this part or funded
8 with non-Federal funds that are qualified expendi-
9 tures of the State under section 409(a)(7), the State
10 shall not impose a requirement that does not apply
11 in determining the eligibility of a 1-parent family for
12 the benefit or service.”.

13 (2) PENALTY.—Section 409(a) (42 U.S.C.
14 609(a)), as amended by section 707(b)(1) of this
15 Act, is amended by inserting after paragraph (5) the
16 following:

17 “(6) PENALTY FOR IMPOSITION OF STRICTER
18 ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—

19 “(A) IN GENERAL.—If the Secretary deter-
20 mines that a State to which a grant is made
21 under section 403 for a fiscal year has violated
22 section 408(a)(12) during the fiscal year, the
23 Secretary shall reduce the grant payable to the
24 State under section 403(a)(1) for the imme-
25 diately succeeding fiscal year by an amount

1 that does not exceed 5 percent of the State
2 family assistance grant.

3 “(B) PENALTY BASED ON SEVERITY OF
4 FAILURE.—The Secretary shall impose reduc-
5 tions under subparagraph (A) with respect to a
6 fiscal year based on the degree of noncompli-
7 ance.”.

8 (3) ASSURANCE OF EQUAL TREATMENT.—Sec-
9 tion 402(a) (42 U.S.C. 602(a)), as amended by sec-
10 tion 108(b) of this Act, is amended by adding at the
11 end the following:

12 “(9) CERTIFICATION OF EQUAL TREATMENT OF
13 2-PARENT FAMILIES.—The chief executive officer of
14 the State shall submit to the Secretary a certifi-
15 cation that in conducting the State program funded
16 under this part, the State does not have rules or
17 procedures that discriminate against 2-parent fami-
18 lies.”.

19 (b) ELIMINATION OF SEPARATE WORK PARTICIPA-
20 TION RATE FOR 2-PARENT FAMILIES.—Section 407 (42
21 U.S.C. 607) is amended—

22 (1) in subsection (a), by striking paragraph (2);

23 and

24 (2) in subsection (b)—

25 (A) by striking paragraph (2);

1 (B) in paragraph (4), by striking “para-
 2 graphs (1)(B) and (2)(B)” and inserting “para-
 3 graph (1)(B)”;

4 (C) in paragraph (5), by striking “rates”
 5 and inserting “rate”; and

6 (D) by redesignating paragraphs (3), (4),
 7 and (5) as paragraphs (2), (3), and (4), respec-
 8 tively.

9 **SEC. 503. CHILD SUPPORT.**

10 (a) MODIFICATION OF RULE REQUIRING ASSIGN-
 11 MENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIV-
 12 ING TANF.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is
 13 amended to read as follows:

14 “(3) NO ASSISTANCE FOR FAMILIES NOT AS-
 15 SIGNING CERTAIN SUPPORT RIGHTS TO THE
 16 STATE.—A State to which a grant is made under
 17 section 403 shall require, as a condition of paying
 18 assistance to a family under the State program
 19 funded under this part, that a member of the family
 20 assign to the State any right the family member
 21 may have (on behalf of the family member or of any
 22 other person for whom the family member has ap-
 23 plied for or is receiving such assistance) to support
 24 from any other person, not exceeding the total
 25 amount of assistance so paid to the family, which ac-

1 crues during the period that the family receives as-
 2 sistance under the program.”.

3 (b) INCREASING CHILD SUPPORT PAYMENTS TO
 4 FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBU-
 5 TION RULES.—

6 (1) DISTRIBUTION RULES.—

7 (A) IN GENERAL.—Section 457(a) (42
 8 U.S.C. 657(a)) is amended to read as follows:

9 “(a) IN GENERAL.—Subject to subsections (e) and
 10 (f), the amounts collected on behalf of a family as support
 11 by a State pursuant to a plan approved under this part
 12 shall be distributed as follows:

13 “(1) FAMILIES RECEIVING ASSISTANCE.—In the
 14 case of a family receiving assistance from the State,
 15 the State shall—

16 “(A) pay to the Federal Government the
 17 Federal share of the amount collected, subject
 18 to paragraph (3)(A);

19 “(B) retain, or pay to the family, the State
 20 share of the amount collected, subject to para-
 21 graph (3)(B); and

22 “(C) pay to the family any remaining
 23 amount.

1 “(2) FAMILIES THAT FORMERLY RECEIVED AS-
2 SISTANCE.—In the case of a family that formerly re-
3 ceived assistance from the State:

4 “(A) CURRENT SUPPORT.—To the extent
5 that the amount collected does not exceed the
6 current support amount, the State shall pay the
7 amount to the family.

8 “(B) ARREARAGES.—Except as otherwise
9 provided in an election made under section
10 454(34), to the extent that the amount col-
11 lected exceeds the current support amount, the
12 State—

13 “(i) shall first pay to the family the
14 excess amount, to the extent necessary to
15 satisfy support arrearages not assigned
16 pursuant to section 408(a)(3);

17 “(ii) if the amount collected exceeds
18 the amount required to be paid to the fam-
19 ily under clause (i), shall—

20 “(I) pay to the Federal Govern-
21 ment, the Federal share of the excess
22 amount described in this clause, sub-
23 ject to paragraph (3)(A); and

24 “(II) retain, or pay to the family,
25 the State share of the excess amount

1 described in this clause, subject to
2 paragraph (3)(B); and

3 “(iii) shall pay to the family any re-
4 maining amount.

5 “(3) LIMITATIONS.—

6 “(A) FEDERAL REIMBURSEMENTS.—The
7 total of the amounts paid by the State to the
8 Federal Government under paragraphs (1) and
9 (2) of this subsection with respect to a family
10 shall not exceed the Federal share of the
11 amount assigned with respect to the family pur-
12 suant to section 408(a)(3).

13 “(B) STATE REIMBURSEMENTS.—The
14 total of the amounts retained by the State
15 under paragraphs (1) and (2) of this subsection
16 with respect to a family shall not exceed the
17 State share of the amount assigned with respect
18 to the family pursuant to section 408(a)(3).

19 “(4) FAMILIES THAT NEVER RECEIVED ASSIST-
20 ANCE.—In the case of any other family, the State
21 shall pay the amount collected to the family.

22 “(5) FAMILIES UNDER CERTAIN AGREE-
23 MENTS.—Notwithstanding paragraphs (1) through
24 (3), in the case of an amount collected for a family
25 in accordance with a cooperative agreement under

1 section 454(33), the State shall distribute the
2 amount collected pursuant to the terms of the agree-
3 ment.

4 “(6) STATE FINANCING OPTIONS.—To the ex-
5 tent that the State’s share of the amount payable to
6 a family pursuant to paragraph (2)(B) of this sub-
7 section exceeds the amount that the State estimates
8 (under procedures approved by the Secretary) would
9 have been payable to the family pursuant to former
10 section 457(a)(2)(B) (as in effect for the State im-
11 mediately before the date this subsection first ap-
12 plies to the State) if such former section had re-
13 mained in effect, the State may elect to use the
14 grant made to the State under section 403(a) to pay
15 the amount, or to have the payment considered a
16 qualified State expenditure for purposes of section
17 409(a)(7)(B)(i), but not both.

18 “(7) STATE OPTION TO PASS THROUGH ADDI-
19 TIONAL SUPPORT WITH FEDERAL COST-SHARING.—

20 “(A) IN GENERAL.—Notwithstanding para-
21 graph (2), a State shall not be required to pay
22 to the Federal Government the Federal share of
23 an amount collected on behalf of a family that
24 formerly received assistance under the State

1 program funded under part A, to the extent
2 that the State pays the amount to the family.

3 “(B) RECIPIENTS OF TANF FOR LESS
4 THAN 5 YEARS.—

5 “(i) IN GENERAL.—Notwithstanding
6 paragraph (1), a State shall not be re-
7 quired to pay to the Federal Government
8 the Federal share of an amount collected
9 on behalf of a family that is a recipient of
10 assistance under the State program funded
11 under part A and, if the family includes an
12 adult, that has received the assistance for
13 not more than 5 years after the date of en-
14 actment of this paragraph, to the extent
15 that—

16 “(I) the State pays the amount
17 to the family; and

18 “(II) subject to clause (ii), the
19 amount is disregarded in determining
20 the amount and type of the assistance
21 provided to the family.

22 “(ii) LIMITATION.—Of the amount
23 disregarded as described in clause (i)(II),
24 the maximum amount that may be taken
25 into account for purposes of clause (i) shall

1 not exceed \$400 per month, except that, in
2 the case of a family that includes 2 or
3 more children, the State may elect to in-
4 crease the maximum amount to not more
5 than \$600 per month.

6 “(8) STATES WITH DEMONSTRATION WAIV-
7 ERS.—Notwithstanding the preceding paragraphs, a
8 State with a waiver under section 1115, effective on
9 or before October 1, 1997, the terms of which allow
10 pass-through of child support payments, may pass
11 through payments in accordance with such terms
12 with respect to families subject to the waiver.”.

13 (B) STATE PLAN TO INCLUDE ELECTION
14 AS TO WHICH RULES TO APPLY IN DISTRIB-
15 UTING CHILD SUPPORT ARREARAGES COL-
16 LECTED ON BEHALF OF FAMILIES FORMERLY
17 RECEIVING ASSISTANCE.—Section 454 (42
18 U.S.C. 654) is amended—

19 (i) by striking “and” at the end of
20 paragraph (32);

21 (ii) by striking the period at the end
22 of paragraph (33) and inserting “; and”;
23 and

24 (iii) by inserting after paragraph (33)
25 the following:

1 “(34) include an election by the State to apply
2 section 457(a)(2)(B) of this Act or former section
3 457(a)(2)(B) of this Act (as in effect for the State
4 immediately before the date this paragraph first ap-
5 plies to the State) to the distribution of the amounts
6 which are the subject of such sections, and for so
7 long as the State elects to so apply such former sec-
8 tion, the amendments made by subsection (e) of sec-
9 tion 503 of the Work, Family, and Opportunity Pro-
10 motion Act shall not apply with respect to the State,
11 notwithstanding subsection (f)(1) of such section
12 503.”.

13 (C) APPROVAL OF ESTIMATION PROCE-
14 DURES.—Not later than October 1, 2006, the
15 Secretary of Health and Human Services, in
16 consultation with the States (as defined for
17 purposes of part D of title IV of the Social Se-
18 curity Act), shall establish the procedures to be
19 used to make the estimate described in section
20 457(a)(6) of such Act.

21 (2) CURRENT SUPPORT AMOUNT DEFINED.—
22 Section 457(c) (42 U.S.C. 657(c)) is amended by
23 adding at the end the following:

24 “(5) CURRENT SUPPORT AMOUNT.—The term
25 ‘current support amount’ means, with respect to

1 amounts collected as support on behalf of a family,
2 the amount designated as the monthly support obli-
3 gation of the noncustodial parent in the order re-
4 quiring the support.”.

5 (c) BAN ON RECOVERY OF MEDICAID COSTS FOR
6 CERTAIN BIRTHS.—

7 (1) IN GENERAL.—Section 454 (42 U.S.C. 654)
8 as amended by subsection (b)(1)(B) of this section,
9 is amended—

10 (A) by striking “and” at the end of para-
11 graph (33);

12 (B) by striking the period at the end of
13 paragraph (34) and inserting “; and”; and

14 (C) by inserting after paragraph (34) the
15 following:

16 “(35) provide that the State shall not use the
17 State program operated under this part to collect
18 any amount owed to the State by reason of costs in-
19 curred under the State plan approved under title
20 XIX for the birth of a child for whom support rights
21 have been assigned pursuant to section 408(a)(3),
22 471(a)(17), or 1912.”.

23 (2) EFFECTIVE DATE.—The amendments made
24 by paragraph (1) shall take effect on October 1,
25 2006.

1 (d) STATE OPTION TO DISCONTINUE PRE-1997 SUP-
2 PORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b))
3 is amended by striking “shall” and inserting “may”.

4 (e) CONFORMING AMENDMENTS.—Section 404(a)
5 (42 U.S.C. 604(a)) is amended—

6 (1) by striking “or” at the end of paragraph
7 (1);

8 (2) by striking the period at the end of para-
9 graph (2) and inserting “; or”; and

10 (3) by adding at the end the following:

11 “(3) to fund payment of an amount pursuant to
12 clause (i) or (ii) of section 457(a)(2)(B), but only to
13 the extent that the State properly elects under sec-
14 tion 457(a)(6) to use the grant to fund the pay-
15 ment.”.

16 (f) EFFECTIVE DATE.—

17 (1) IN GENERAL.—Except as provided in sub-
18 section (c)(2), the amendments made by this section
19 shall take effect on October 1, 2009, and shall apply
20 to payments under parts A and D of title IV of the
21 Social Security Act for calendar quarters beginning
22 on or after such date, and without regard to whether
23 regulations to implement such amendments (in the
24 case of State programs operated under such part D)
25 are promulgated by such date.

1 (2) STATE OPTION TO ACCELERATE EFFECTIVE
 2 DATE.—A State may elect to have the amendments
 3 made by this section apply to the State and to
 4 amounts collected by the State, on and after such
 5 date as the State may select that is after the date
 6 of enactment of this Act and before October 1,
 7 2009.

8 **TITLE VI—FAIRNESS FOR LEGAL** 9 **IMMIGRANTS**

10 **SEC. 601. TREATMENT OF ALIENS UNDER THE TANF PRO-** 11 **GRAM.**

12 (a) EXCEPTION TO 5-YEAR BAN FOR QUALIFIED
 13 ALIENS.—Section 403(c)(2) of the Personal Responsi-
 14 bility and Work Opportunity Reconciliation Act of 1996
 15 (8 U.S.C. 1613(c)(2)) is amended by adding at the end
 16 the following:

17 “(M) Benefits under the Temporary As-
 18 sistance for Needy Families program described
 19 in section 402(b)(3)(A).”.

20 (b) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—
 21 Section 423(d) of the Personal Responsibility and Work
 22 Opportunity Reconciliation Act of 1996 (8 U.S.C. 1138a
 23 note) is amended by adding at the end the following:

24 “(12) Benefits under part A of title IV of the
 25 Social Security Act except for cash assistance pro-

1 vided to a sponsored alien who is subject to deeming
 2 pursuant to section 408(j) of the Social Security
 3 Act.”.

4 (c) TREATMENT OF ALIENS.—Section 408 (42
 5 U.S.C. 608), as amended by sections 107 and 108 of this
 6 Act, is further amended by adding at the end the fol-
 7 lowing:

8 “(j) SPECIAL RULES RELATING TO THE TREATMENT
 9 OF 213A ALIENS.—

10 “(1) IN GENERAL.—In determining whether a
 11 213A alien is eligible for cash assistance under a
 12 State program funded under this part, and in deter-
 13 mining the amount or types of such assistance to be
 14 provided to the alien, the State shall apply the rules
 15 of paragraphs (1), (2), (3), (5), and (6) of sub-
 16 section (f) of this section by substituting ‘213A’ for
 17 ‘non-213A’ each place it appears, subject to section
 18 421(e) of the Personal Responsibility and Work Op-
 19 portunity Reconciliation Act of 1996, and subject to
 20 section 421(f) of such Act (which shall be applied by
 21 substituting ‘section 408(j) of the Social Security
 22 Act’ for ‘subsection (a)’).

23 “(2) 213a alien defined.—An alien is a 213A
 24 alien for purposes of this subsection if the affidavit
 25 of support or similar agreement with respect to the

1 alien that was executed by the sponsor of the alien’s
 2 entry into the United States was executed pursuant
 3 to section 213A of the Immigration and Nationality
 4 Act.”.

5 (d) EFFECTIVE DATE AND APPLICABILITY.—

6 (1) EFFECTIVE DATE.—The amendments made
 7 by this section shall take effect October 1, 2005.

8 (2) APPLICABILITY.—The amendments made
 9 by this section shall apply to benefits provided on or
 10 after the effective date of this section.

11 **SEC. 602. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
 12 **UNDER THE MEDICAID PROGRAM AND SCHIP.**

13 (a) MEDICAID PROGRAM.—Section 1903(v) (42
 14 U.S.C. 1396b(v)) is amended—

15 (1) in paragraph (1), by striking “paragraph
 16 (2)” and inserting “paragraphs (2) and (4)”; and

17 (2) by adding at the end the following new
 18 paragraph:

19 “(4)(A) A State may elect (in a plan amendment
 20 under this title) to provide medical assistance under this
 21 title, notwithstanding sections 401(a), 402(b), 403, and
 22 421 of the Personal Responsibility and Work Opportunity
 23 Reconciliation Act of 1996, for aliens who are lawfully re-
 24 siding in the United States (including battered aliens de-
 25 scribed in section 431(c) of such Act) and who are other-

1 wise eligible for such assistance, within either or both of
 2 the following eligibility categories:

3 “(i) PREGNANT WOMEN.—Women during preg-
 4 nancy (and during the 60-day period beginning on
 5 the last day of the pregnancy).

6 “(ii) CHILDREN.—Children (as defined under
 7 such plan), including optional targeted low-income
 8 children described in section 1905(u)(2)(B).

9 “(B) In the case of a State that has elected to provide
 10 medical assistance to a category of aliens under subpara-
 11 graph (A), no debt shall accrue under an affidavit of sup-
 12 port against any sponsor of such an alien on the basis
 13 of provision of assistance to such category and the cost
 14 of such assistance shall not be considered as an unreim-
 15 bursed cost.”.

16 (b) SCHIP.—Section 2107(e)(1) (42 U.S.C.
 17 1397gg(e)(1)) as amended by section 803 of the Medicare,
 18 Medicaid, and SCHIP Benefits Improvement and Protec-
 19 tion Act of 2000, as enacted into law by section 1(a)(6)
 20 of Public Law 106–554, is amended by redesignating sub-
 21 paragraphs (C) and (D) as subparagraph (D) and (E),
 22 respectively, and by inserting after subparagraph (B) the
 23 following new subparagraph:

24 “(C) Section 1903(v)(4) (relating to op-
 25 tional coverage of categories of permanent resi-

1 dent alien children), but only if the State has
2 elected to apply such section to the category of
3 children under title XIX.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section take effect on October 1, 2005, and apply to
6 medical assistance and child health assistance furnished
7 on or after such date.

8 **SEC. 603. ELIGIBILITY OF DISABLED CHILDREN WHO ARE**
9 **QUALIFIED ALIENS FOR SSI.**

10 (a) IN GENERAL.—Section 402(a)(2) of the Personal
11 Responsibility and Work Opportunity Reconciliation Act
12 of 1996 (8 U.S.C. 1612(a)(2)) is amended by inserting
13 after subparagraph (K) the following new subparagraph:

14 “(L) SSI EXCEPTION FOR DISABLED CHIL-
15 DREN.—With respect to eligibility for benefits
16 for the specified Federal program described in
17 paragraph (3)(A), paragraph (1) shall not apply
18 to a child who is considered disabled for pur-
19 poses of the supplemental security income pro-
20 gram under title XVI of the Social Security
21 Act.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall take effect on October 1, 2005, and apply
24 to benefits furnished on or after such date.

1 **SEC. 604. SSI EXTENSION FOR HUMANITARIAN IMMI-**
2 **GRANTS.**

3 Section 402(a)(2) of the Personal Responsibility and
4 Work Opportunity Reconciliation Act of 1996 (8 U.S.C.
5 1612(a)(2)) is amended by adding at the end the fol-
6 lowing:

7 “(M) TWO-YEAR SSI EXTENSION THROUGH
8 FISCAL YEAR 2008.—

9 “(i) IN GENERAL.—With respect to
10 eligibility for benefits for the specified Fed-
11 eral program described in paragraph
12 (3)(A), the 7-year period described in sub-
13 paragraph (A) shall be deemed to be a 9-
14 year period during fiscal years 2005
15 through 2008.

16 “(ii) ALIENS WHOSE BENEFITS
17 CEASED IN PRIOR FISCAL YEARS.—

18 “(I) IN GENERAL.—Beginning on
19 the date of the enactment of the
20 Work, Family, and Opportunity Pro-
21 motion Act, any qualified alien ren-
22 dered ineligible for the specified Fed-
23 eral program described in paragraph
24 (3)(A) during fiscal years prior to fis-
25 cal year 2005 solely by reason of the
26 termination of the 7-year period de-

scribed in subparagraph (A) shall be eligible for such program for an additional 2-year period in accordance with this subparagraph, if such alien meets all other eligibility factors under title XVI of the Social Security Act.

“(II) PAYMENT OF BENEFITS.—

Benefits paid under subparagraph (I) shall be paid prospectively over the duration of the qualified alien’s renewed eligibility.”.

TITLE VII—MISCELLANEOUS PROVISIONS

SEC. 701. CLARIFICATION OF AUTHORITY OF STATES TO USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS TO PROVIDE TANF BENEFITS AND SERVICES.

Section 404(e) (42 U.S.C. 604(e)) is amended—

(1) in the subsection heading, by striking “ASSISTANCE” and inserting “BENEFITS OR SERVICES”; and

(2) after the heading, by striking “assistance” and inserting “any benefit or service that may be provided”.

1 **SEC. 702. DEFINITION OF ASSISTANCE.**

2 (a) IN GENERAL.—Section 419 (42 U.S.C. 619) is
3 amended by adding at the end the following:

4 “(6) ASSISTANCE.—

5 “(A) IN GENERAL.—The term ‘assistance’
6 means payment, by cash, voucher, or other
7 means, to or for an individual or family for the
8 purpose of meeting a subsistence need of the in-
9 dividual or family (including food, clothing,
10 shelter, and related items, but not including
11 costs of transportation or child care).

12 “(B) EXCEPTION.—The term ‘assistance’
13 does not include a payment described in sub-
14 paragraph (A) to or for an individual or family
15 on a short-term, nonrecurring basis (as defined
16 by the State).”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is
19 amended by striking “assistance” and inserting
20 “aid”.

21 (2) Section 404(f) (42 U.S.C. 604(f)) is amend-
22 ed by striking “assistance” and inserting “benefits
23 or services”.

24 (3) Section 408(a)(5)(B)(i) (42 U.S.C.
25 608(a)(5)(B)(i)) is amended in the heading by strik-
26 ing “assistance” and inserting “aid”.

1 **SEC. 703. CONTINUATION OF PRE-WELFARE REFORM WAIV-**
 2 **ERS.**

3 Section 415 (42 U.S.C. 615) is amended by adding
 4 at the end the following:

5 “(c) CONTINUATION OF WAIVERS APPROVED OR
 6 SUBMITTED BEFORE DATE OF ENACTMENT OF WELFARE
 7 REFORM.—Notwithstanding subsection (a), with respect
 8 to any State that is operating under a waiver described
 9 in subsection (a) which would otherwise expire on a date
 10 that occurs in the period that begins on September 30,
 11 2002, and ends on September 30, 2008, the State may
 12 elect to continue to operate under the waiver, on the same
 13 terms and conditions as applied to the waiver on the day
 14 before such date, through September 30, 2010.”.

15 **SEC. 704. MAINTENANCE OF EFFORT.**

16 (a) INCLUSION OF CHILD SUPPORT ARREARAGES
 17 DISTRIBUTED TO FAMILIES NO LONGER RECEIVING AS-
 18 SISTANCE.—Section 409(a)(7)(B)(i) (42 U.S.C.
 19 609(a)(7)(B)(i)) is amended—

20 (1) in subclause (I)(aa), by striking
 21 “457(a)(1)(B)” and inserting “457(a)(1)”; and

22 (2) by adding at the end the following:

23 “(V) PORTIONS OF CERTAIN
 24 CHILD SUPPORT PAYMENTS COL-
 25 LECTED ON BEHALF OF AND DISTRIB-
 26 UTED TO FAMILIES NO LONGER RE-

1 CEIVING ASSISTANCE.—Any amount
 2 paid by a State pursuant to section
 3 457(a)(2)(B), but only to the extent
 4 that the State properly elects under
 5 section 457(a)(6) to have the payment
 6 considered a qualified State expendi-
 7 ture.”.

8 (b) REAUTHORIZATION.—Section 409(a)(7) (42
 9 U.S.C. 609(a)(7)) is amended—

10 (1) in subparagraph (A) by striking “1998”
 11 and all that follows through “2006” and inserting
 12 “2006, 2007, 2008, 2009, or 2010”; and

13 (2) in subparagraph (B)(ii)—

14 (A) by striking “for fiscal years 1997
 15 through 2005,”; and

16 (B) by inserting “preceding” before “fiscal
 17 year”.

18 **SEC. 705. FUNDING FOR TRIBAL TANF PROGRAMS.**

19 Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is
 20 amended by striking “1997” and all that follows through
 21 “2003” and inserting “2005 through 2010”.

22 **SEC. 706. FUNDING FOR FAMILIES ASSISTED BY A TERRI-**
 23 **TORY PROGRAM.**

24 (a) INCREASE IN MANDATORY CEILING AMOUNT.—
 25 Section 1108(c)(4) (42 U.S.C. 1308(c)(4)) is amended—

9 (b) REAUTHORIZATION OF MATCHING GRANTS.—
10 Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by
11 striking “fiscal years 1997 through 2003” and inserting
12 “each of fiscal years 2006 through 2010”.

15 (a) REPEAL.—Section 406 (42 U.S.C. 606) is re-
16 pealed.

17 (b) CONFORMING AMENDMENTS.—

(1) Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (6).

(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.

(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2))
is amended by striking “406,”.

1 **SEC. 708. BAN ON USING FEDERAL TANF FUNDS TO RE-**
 2 **PLACE STATE AND LOCAL SPENDING THAT**
 3 **DOES NOT MEET THE DEFINITION OF QUALI-**
 4 **FIED STATE EXPENDITURES.**

5 (a) PROHIBITION.—Section 408(a) (42 U.S.C.
 6 608(a)), as amended by section 502(a)(1) of this Act, is
 7 further amended by adding at the end the following:

8 “(13) BAN ON USING FEDERAL TANF FUNDS
 9 TO REPLACE STATE OR LOCAL SPENDING THAT
 10 DOES NOT MEET THE DEFINITION OF QUALIFIED
 11 STATE EXPENDITURES.—A State to which a grant is
 12 made under section 403 and a sub-State entity that
 13 receives funds from such a grant shall not expend
 14 any part of the grant funds to supplant State or
 15 local spending for benefits or services which are not
 16 qualified State expenditures (within the meaning of
 17 section 409(a)(7)(B)(i)).”.

18 (b) PENALTY.—Section 409(a) (42 U.S.C. 609(a)),
 19 as amended by section 208(d) of this Act, is further
 20 amended by adding at the end the following:

21 “(14) PENALTY FOR USING FEDERAL TANF
 22 FUNDS TO REPLACE STATE OR LOCAL SPENDING
 23 THAT DOES NOT MEET THE DEFINITION OF QUALI-
 24 FIED STATE EXPENDITURES.—

25 “(A) IN GENERAL.—If the Secretary deter-
 26 mines that a State to which a grant is made

under section 403 for a fiscal year has violated section 408(a)(13) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 5 percent of the State family assistance grant.

“(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.”.

SEC. 709. EXTENSION OF FUNDING OF STUDIES AND DEMONSTRATIONS.

Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended by striking “2002” and inserting “2010”.

SEC. 710. LONGITUDINAL STUDIES OF EMPLOYMENT AND EARNINGS OF TANF LEAVERS.

Section 413 (42 U.S.C. 613) is amended—

(1) in subsection (h)(1)—

(A) by striking “and” at the end of subparagraph (C);

(B) by striking the period and inserting “; and”; and

(C) by adding at the end the following:

1 “(E) the cost of conducting the studies de-
2 scribed in subsection (k).”; and

3 (2) by adding at the end the following:

4 “(k) LONGITUDINAL STUDIES OF EMPLOYMENT AND
5 EARNINGS OF TANF LEAVERS.—

6 “(1) IN GENERAL.—The Secretary, directly or
7 through grants, contracts, or interagency agree-
8 ments shall conduct a study in each eligible State of
9 a statistically relevant cohort of individuals who
10 leave the State program funded under this part dur-
11 ing fiscal year 2006 and individuals who leave the
12 program during fiscal year 2008, which uses State
13 unemployment insurance data to track the employ-
14 ment and earnings status of the individuals during
15 the 3-year period beginning at the time the individ-
16 uals leave the program.

17 “(2) REPORTS.—The Secretary shall annually
18 publish the findings of the studies conducted pursu-
19 ant to paragraph (1) of this subsection, and shall
20 annually publish the earnings data used in making
21 determinations under section 407(b).”.

22 **SEC. 711. STUDY BY THE CENSUS BUREAU.**

23 (a) IN GENERAL.—Section 414(a) (42 U.S.C.
24 614(a)) is amended to read as follows:

1 “(a) IN GENERAL.—The Bureau of the Census shall
 2 implement a new longitudinal survey of program dynam-
 3 ics, developed in consultation with the Secretary and made
 4 available to interested parties, to allow for the assessment
 5 of the outcomes of continued welfare reform on the eco-
 6 nomic and child well-being of low-income families with
 7 children, including those who received assistance or serv-
 8 ices from a State program funded under this part, and,
 9 to the extent possible, shall provide State representative
 10 samples.”.

11 (b) APPROPRIATION.—Section 414(b) (42 U.S.C.
 12 614(b)) is amended by striking “1996,” and all that fol-
 13 lows through “2003” and inserting “2006 through 2010”.

14 **TITLE VIII—EXTENSION OF TANF**
 15 **PROGRAM THROUGH FISCAL**
 16 **YEAR 2005**

17 **SEC. 801. EXTENSION OF TANF PROGRAM AND RELATED**
 18 **AUTHORITIES THROUGH FISCAL YEAR 2005.**

19 (a) IN GENERAL.—Activities authorized by part A of
 20 title IV of the Social Security Act, and by sections 429A,
 21 510, 1108(b), 1130(a) and 1925 of such Act, shall con-
 22 tinue through September 30, 2005, in the manner author-
 23 ized for fiscal year 2004, notwithstanding section
 24 1902(e)(1)(A) of such Act, and out of any money in the
 25 Treasury of the United States not otherwise appropriated,

1 there are hereby appropriated such sums as may be nec-
 2 essary for such purpose. Grants and payments may be
 3 made pursuant to this authority through the fourth quar-
 4 ter of fiscal year 2005 at the level provided for such activi-
 5 ties through the fourth quarter of fiscal year 2004.

6 (b) CONFORMING AMENDMENT.—

7 (1) IN GENERAL.—Section 403(a)(3)(H)(ii) (42
 8 U.S.C. 603(a)(3)(H)(ii)) is amended by striking
 9 “March 31” and inserting “September 30”.

10 (2) EFFECTIVE DATE.—The amendment made
 11 by paragraph (1) shall take effect on the date of the
 12 enactment of this Act.

13 **TITLE IX—EFFECTIVE DATE**

14 **SEC. 901. EFFECTIVE DATE.**

15 (a) IN GENERAL.—Except as otherwise provided in
 16 this Act, this Act and the amendments made by this Act
 17 shall take effect on October 1, 2005.

